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Arkansas Income Tax Changes

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An Economic Forecast for Arkansas Through 1984

1983 Selected Arkansas and U.S. Economic Indicators

Arkansas Business and Economic Review

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SOME FINANCIAL EFFECTS OF THE TERMINATION OF SOCIAL SECURITY COVERAGE

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INTRODUCTION

Social security coverage for employees of the states and their various political subdivisions has been available on a voluntary basis only through agreements between each state and the Secretary of Health and Human Services.[1] Some 9.4 million out of the approximately 13.2 million state and local employees are covered by social security.[2]

Prior to passage of the "Social Security Amendments of 1983," the social security law permitted termination of this voluntary coverage for employees of state and local governments. The action to terminate coverage had to be taken by the state rather than by the employees involved and the termination applied to the whole group of employees covered under a specific agreement. There was no requirement in the law for the employees involved to be notified either when a notice of termination was filed or when coverage had actually been terminated. The state must give the Secretary two-years advance notice of its desire to terminate social security coverage of the employees of a political subdivision. These notices of termination could be withdrawn at any time during the two year waiting period. Once coverage had been terminated for a group of employees, however, it could never again be provided for that group.[3]

CONGRESSIONAL RESPONSE TO INCREASED TERMINATION NOTICES

Within the Congress there was concern as to the marked increase since 1979 in the rate of filings of notices to terminate social security coverage. As of December 1981, coverage had been terminated for 881 state and local government entities covering some 171,799 employees. Pending through December 1984 were 308 state and local government termination notices affecting approximately 148,600 employees.[4] Recently, the faculty of the University of Colorado asked the institution to consider withdrawing from social security coverage and joining the state-sponsored retirement program.[5]

One reason for this increase in the rate of filing social security termination notices is the rising cost of coverage to both the employer and the employee. Projected tax increases under the then current law were:

	tax rate	tax per $1,000 of covered wages
1983-84	6.70%	$67.00
1985	7.05%	$70.50
1986-89	7.15%	$71.50
1990--	7.65%	$76.50

These tax rates are in turn applied to an ever-increasing wage base subject to social security taxes. Thus, for example, the taxes on a covered wage of $30,000 were projected to increase from $2,010 in 1983 to $2,295 in 1990. For an employer with a covered payroll of $70 million this translates to a tax increase of $665,000 ($4,690,000 to $5,355,000). The 1983 social security amendments serve only to accelerate these tax increases.

A more basic reason for terminating social security coverage is, however, a growing perception that it is to the employee's best economic interest to withdraw from the social security system. This perception is particularly strong with respect to old-age benefits provided by social security versus potential benefits available from other sources.

Congressional response to the increasing rate of filings of notices to terminate social security coverage did not address the concerns of the state and local governments and their employees. Rather, the Congress chose to eliminate the provision of the Social Security Act which enabled the state and local governments to terminate coverage. Moreover, the Congress stated that this restriction to termination would also apply to notices of termination which were still open as of the date of enactment of these 1983 amendments (i.e., the two year waiting period had not yet expired).[6]

One obvious effect of the 1983 social security amendments is the increased cost to the state and local governments and their employees. More subtle, however, are the opportunity costs to the employees of state and local governments. What did these employees stand to gain or lose if social security coverage were terminated?

FINANCIAL IMPACTS

If an employer (state or local government) were to withdraw from the social security system some of the resulting potential financial impacts on the employee are discussed by separately addressing four general areas wherein social security benefits are paid to covered workers and their families—old-age retirement, survivor benefits, long-term disability and Medicare.

All social security benefits, except Medicare, are based on a four-step process which entails:

(1) Indexing social security "covered" wages;
(2) Computing an average indexed monthly wage (AIME);
(3) Computing a primary insurance amount (PIA); and
(4) Computing social security benefits.[7]

The specific computational procedures will differ somewhat depending on whether old-age retirement, survivor, or long-term disability benefits are being determined. Detailed computations will not be shown in this paper. Rather, the focus will be on the financial effects of social security coverage/termination. In order to show what would be gained or lost by terminating coverage, measurement of these financial effects is based on social security provisions in effect prior to the 1983 amendments. The 1983 amendments serve only to enhance the desirability of terminating social security coverage.

Retirement

For purposes of illustrating the financial effects of old-age (retirement) social security coverage, four hypothetical earnings records and five different scenarios based on age are used. These are depicted in Exhibit 1.

EXHIBIT 1: WAGE/AGE SCENARIOS

	1983 "Wage"	Age in 1983				
		62	54	45	36	27
Maximum Covered Wages	$35,700	--	--	--	--	--
80% Maximum Wages*	28,000	--	--	--	--	--
Average Wage**	15,916	--	--	--	--	--
70% Average Wage	11,141	--	--	--	--	--

*Maximum covered wages through 1971; $8,700 in 1972; $9,600 in 1973; 80% of maximum covered wages for each subsequent year.

**Reflects assumed growth of average wages of 8% in 1982 and 7% in 1983.

Most studies of social security benefits have projected future benefits in "then year" dollars. This has required estimating future changes in average wages (the basis for indexing) and future inflation rates. To avoid such projections, the computations used here have assumed (1) a synchronous growth of average earnings and inflation and (2) employee wage increases which match the growth of average wages. Given these two assumptions, it is possible to use current 1983 wages as a base point and to state future taxes and social security benefits in 1983 dollars.

Tables 1 and 2 present for each of the wage/1983 age scenarios noted above the potential financial effects on an individual of terminating social security coverage.[8] Table 1 presents these effects given a retirement age of 62, while Table 2 presents these effects at a retirement age of 65.

For each of the wage/age scenarios, the first three columns present the potential old-age benefits which would be paid under existing law if social security coverage had been terminated as of January 1983. The next three columns present the **incremental** constant-dollar benefits which would accrue to the worker if social security coverage were not terminated. However, if social security coverage continues, the worker must pay additional social security taxes; therefore, the last two columns present the incremental taxes to be paid under current law and the future worth of these taxes (age 62 - Table 1 / age 65 -Table 2) if invested at 6% compounded monthly.

Thus, for example, an individual aged 45 (in 1983) could expect monthly benefits of $402 at age 62 based on covered wages through December 1982. Given a life expectancy of 19 years, the present value of these benefits at age 62 would be $54,613 ($81,920 with a spouse). Continuing social security coverage to age 62, this individual could increase his monthly benefit at age 62 by $208 and increase the present value of future benefits by $28,258 ($42,387 with a spouse). If the individual had instead been able to invest the equivalent of the incremental social security taxes ($44,821), at 6% (compounded monthly) that individual would have an invested amount of $76,655 at age 62.

In most instances (29 of 36), the absolute amount of prospective taxes exceeds the incremental present value of future benefits (ages 62 and 65) for a worker. Conversely, the individual plus spouse incremental benefits exceed the prospective tax amount in 23 of 36 instances. Note, however, that when prospective taxes are reinvested at only 6% (compounded monthly), the future worth of these taxes in every instance far exceeds possible incremental old-age retirement benefits.

Note further that the tax amounts cited in Tables 1 and 2 reflect only prospective taxes paid by the worker. The matching taxes paid by the employer as well as possible social security taxes paid by a worker's spouse are excluded. Unless the working spouse has a primary insurance amount (PIA) equal to or exceeding her husband's, her social security spousal benefit will be based on her husband's PIA. Thus, for the most part social security taxes paid by a working spouse will provide no additional benefit to a family and can in essence be viewed as an involuntary contribution to the social security system.

The present value of the future social security benefits assumes that the worker and/or spouse will live to collect these benefits. In the event that either should die before completion of the assumed longevity (19 years in Table 1 — 17 years in Table 2), realized (realizable) social security benefits would be less than stated. Benefits cease upon the death of the worker and/or qualified

TABLE 1
The Financial Effects of Social Security Termination: Retirement at Age 62

	Social Security Coverage Terminated (Amounts Based on Coverage Through 1982)			Social Security Coverage Continued (All Amounts are Incremental to "terminated amounts")				
	Monthly Benefit[1]	Present Value of Benefits[2]		Monthly Benefit[1]	Present Value of Benefits[2]		Prospective Tax[4]	Future Worth Tax [4&5]
		Individual	With Spouse		Individual	With Spouse[3]		
Age 62 in 1983								
Maximum Wages	525	71,323	106,985	0	0	0	0	0
80% Maximum Wages	506	68,742	103,113	0	0	0	0	0
Average Wages	412	55,972	83,958	0	0	0	0	0
70% Average Wages	323	43,881	65,822	0	0	0	0	0
Age 54 in 1983								
Maximum Wages	493	66,976	100,464	68	9,238	13,857	20,242	25,611
80% Maximum Wages	463	62,900	94,350	68	9,238	13,857	16,216	20,517
Average Wages	386	52,440	78,660	36	4,890	7,335	9,024	11,418
70% Average Wages	305	41,436	62,154	25	3,396	5,094	6,317	7,993
Age 45 in 1983								
Maximum Wages	402	54,613	81,920	208	28,258	42,387	44,821	76,655
80% Maximum Wages	372	50,538	75,807	190	25,812	38,718	35,907	61,410
Average Wages	310	42,115	63,173	124	16,846	25,269	19,983	34,175
70% Average Wages	252	34,235	51,353	86	11,684	17,526	13,988	28,629
Age 36 in 1983								
Maximum Wages	313	42,522	63,783	343	46,598	69,897	69,401	163,849
80% Maximum Wages	283	38,447	57,671	307	41,707	62,560	55,598	131,264
Average Wages	235	31,926	47,889	210	28,529	42,794	30,942	73,050
70% Average Wages	200	27,170	40,755	147	19,971	29,957	21,659	51,136
Age 27 in 1983								
Maximum Wages	not covered			681	92,517	138,776	93,980	313,274
80% Maximum Wages	not covered			610	82,871	124,307	75,290	250,973
Average Wages	not covered			456	61,950	92,925	41,899	139,670
70% Average Wages	not covered			354	48,092	72,138	29,330	97,770

[1] Monthly benefits are 80% of worker's primary insurance amount (PIA).

[2] Life expectancy assumed to be 19 years for both worker and spouse. Amounts discounted at 6%, compounded monthly.

[3] Benefits to worker and spouse are approximated at 150% of worker's benefits. Both are assumed to be age 62.

[4] Amounts reflect taxes on worker only. If employer's taxes were also included, all amounts shown in these two columns would be doubled.

[5] Prospective taxes are assumed to be invested in equal monthly installments at a rate of 6%, compounded monthly.

TABLE 2

The Financial Effects of Social Security Termination: Retirement at Age 65

	Social Security Coverage Terminated (Amounts Based on Coverage Through 1982)			Social Security Coverage Continued (All Amounts are Incremental to "terminated amounts")				
	Monthly Benefit[1]	Present Value of Benefits[2]		Monthly Benefit[1]	Present Value of Benefits[2]		Prospective Tax[4]	Future Worth Tax [4&5]
		Individual	With Spouse		Individual	With Spouse[3]		
Age 62 in 1983								
Maximum Wages	657	83,897	125,846	27	3,448	5,172	7,301	7,969
80% Maximum Wages	633	80,833	121,250	19	2,426	3,639	5,849	6,348
Average Wages	515	65,764	98,646	6	766	1,149	3,255	3,553
70% Average Wages	404	51,590	77,385	4	511	767	2,278	2,487
Age 54 in 1983								
Maximum Wages	616	78,662	117,993	107	13,663	20,495	28,435	39,601
80% Maximum Wages	579	73,937	110,906	98	12,514	18,771	22,780	31,725
Average Wages	483	61,678	92,517	49	6,257	9,386	12,677	17,655
70% Average Wages	382	48,780	73,170	34	4,342	6,513	8,874	12,359
Age 45 in 1983								
Maximum Wages	503	64,232	96,348	280	35,755	53,633	53,015	100,685
80% Maximum Wages	466	59,507	89,261	249	31,797	47,695	42,471	80,662
Average Wages	388	49,547	74,321	159	20,304	30,456	23,636	44,889
70% Average Wages	316	40,352	60,528	111	14,175	21,263	16,545	31,423
Age 36 in 1983								
Maximum Wages	391	49,930	74,895	443	56,570	84,855	77,594	205,031
80% Maximum Wages	354	45,205	67,808	395	50,440	75,660	62,162	164,256
Average Wages	294	37,543	56,315	268	34,223	51,334	34,595	91,411
70% Average Wages	250	31,924	47,886	187	23,880	35,820	24,216	63,988
Age 27 in 1983								
Maximum Wages	not covered			852	108,798	163,197	102,173	383,847
80% Maximum Wages	not covered			763	97,433	146,150	81,853	307,511
Average Wages	not covered			571	72,915	109,373	45,552	171,134
70% Average Wages	not covered			443	56,570	84,885	31,886	119,795

[1] Monthly benefits are 100% of worker's primary insurance amount (PIA).

[2] Life expectancy assumed to be 17 years for both worker and spouse. Amounts discounted at 6%, compounded monthly.

[3] Benefits to worker and spouse are approximated at 150% of worker's benefits. Both are assumed to be age 62.

[4] Amounts reflect taxes on worker only. If employer's taxes were also included, all amounts shown in these two columns would be doubled.

[5] Prospective taxes are assumed to be invested in equal monthly installments at a rate of 6%, compounded monthly.

dependents. Indeed, it is possible to pay into social security for an entire working life, yet receive little if anything in old-age benefits due to an early death. The social security system does not provide an estate amount but invested tax savings (as cited in Tables 1 and 2) do provide an estate amount.

Survivor Benefits

The social security system provides survivor benefits to qualified dependents in the event of the worker's death. These benefits are generalized in Exhibit 2.

To provide an example of these benefits, assume that a worker aged 45 in 1983 dies that same year. Given the wage/age scenarios of the prior section, survivor benefits would be as shown in Exhibit 3. Survivor benefit amounts payable in future years would be dependent on social security coverage (i.e., whether continued or terminated), the year of the worker's death, age of the spouse, and the existence of qualified children. Even given the constant dollar approach of this study, the possible benefit combinations are too numerous to give more than an example such as cited above.

A point which must be noted is that if a worker is covered by social security at the time of his death, survivor benefits will be paid to qualified dependents whether or not social security coverage has been terminated. If previously terminated, however, the worker will have had the opportunity to invest the social security tax savings and thus could have created a sizable estate amount.

Long-Term Disability Benefits

Disability benefits payable under the current law are shown in Exhibit 4.

EXHIBIT 2: GENERALIZED SURVIVOR BENEFITS

spouse (age 65)	full benefit is the benefit the deceased spouse would receive if still living
spouse (age 60-65)	benefit reduction of 19/40 of 1% of full spousal benefit for each month prior to age 65
spouse (with qualified child	benefit is 75% of worker's PIA
qualified child	benefit is 75% of worker's PIA

EXHIBIT 3: EXAMPLE UNDER WAGE/AGE SCENARIO

		Survivor Benefits Spouse				Qualified
	PIA	Age 65	Age 62	Age 60	W/Child	Child
Maximum Covered Wage	$679.30	$679	$563	$485	$504	*$509*
80% Maximum Wage	645.10	645	534	461	483	*483*
Average Wage	515.30	515	427	368	386	*386*
70% Average Wage	404.90	404	335	289	303	*303*

EXHIBIT 4: GENERALIZED DISABILITY BENEFITS

worker	benefit equals PIA
spouse (65 or under 65 and caring for qualified child)	full benefit is 50% of worker's PIA
spouse (62-65)	benefit reduction of 25/36 of 1% of full spousal benefit for each month prior to age 65
qualified child	benefit is 50% of worker's PIA

The total amount of benefits payable to a family based on a worker's disability is, however, subject to a number of limitations, one of which is that these benefits cannot exceed 150% of the worker's PIA.

In order to be eligible for disability insurance benefits, a worker must not only be disabled, but must also meet certain insured status requirements related to social security coverage. These status requirements relate directly to a worker's age and are summarized in Exhibit 5. Disability benefits payable by social security thus would in time be directly affected by the termination of social security coverage.

It must be emphasized, however, that even though long-term disability coverage by social security may ultimately be lost by the worker due to termination of social security coverage, frequently the worker loses little or nothing as to total benefit payments. This would occur if the worker is already covered by a private long-term disability program which includes a social security offset.

Essentially a social security offset occurs when an amount(s) payable to an individual is reduced by the amount paid (payable) by social security. Many, if not most, private long-term disability programs contain this offset provision. Thus, if a worker had a PIA of $600 and his private long term disability program contained this offset provision, $900 ($600 x 150%; the family maximum limit) would be deducted from the monthly benefit amounts receivable from the private plan. In other words, the worker gains nothing from social security coverage.

Medicare

Medicare benefits are available at 65 for those individuals eligible for monthly old-age social security benefits. Eligibility is based solely on the worker having the requisite number of covered social security "quarters."

The amounts payable under this program have no relationship to the worker's PIA (i.e., to his covered wages). Thus, termination of social security coverage would have no effect on those workers who were fully covered at the time of termination. Workers not covered at the point of termination would lose Medicare coverage unless earned through other means such as part time work, self-employment income, coverage through one's spouse, etc.

SUMMARY AND CONCLUSIONS

The perception that old-age retirement benefits available through social security coverage can be better provided by private means appears to be well founded. Given optimistic projections as to life expectancies and conservative discount and investment rates, this discussion has demonstrated that private

EXHIBIT 5: STATUS REQUIREMENTS BY AGE

Worker's Age When Disabled	Required Coverage	Period When Coverage Required
Younger than 24	1 1/2 years	The 3 year period immediately prior to disability.
24 through 30	Half the time between age 21 and the time the worker becomes disabled.	
31 or older	5 to 10 years depending on age	5 years of the required coverage must be earned in the 10 years immediately prior to disability.

investment of social security tax savings can provide significantly greater benefits than are available through social security itself. Moreover, the recently enacted 1983 social security amendments to reduce and tax certain old-age retirement benefits provided by social security and to increase social security taxes serve to emphasize further the desirability of terminating social security coverage.

The social security system does offer potentially attractive survivor and long-term disability benefits. The attractiveness of those benefits tends to be muted, however, by potential investment opportunities with social security tax savings (survivor benefits) and the offset provisions of many private long-term disability plans. The primary drawback to the termination of social security coverage thus appears to be the benefits available at age 65 through Medicare.

Loss of employee benefits through termination of social security coverage could, however, be offset by provision of additional benefits by the employer. The cost savings made available by terminating social security coverage should enable state and local governments to offset any benefits lost by this termination.

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[1] Voluntary social security coverage was also available for employees of certain nonprofit groups. Procedures for attaining and terminating this coverage were different from those for employees of the states and their political subdivisions.

[2] "Termination of Social Security Coverage for Employees of State and Local Governments and Nonprofit Groups," Subcommittee on Social Security of the Committee on Ways and Means, U.S. House of Representatives; 97th Congress, 2nd Session, May 21, 1982 (revised June 15, 1982), p. 1.

[3] *Ibid.* pp. 1-2.

[4] *Ibid.* p. 27.

[5] "Saying 'No' to Social Security," *Business Week*, May 31, 1982, p. 74.

[6] "Social Security Amendments of 1983," Conference Report No. 98-47 (to accompany H.R. 1900), U.S. House of Representatives; 98th Congress, 1st Session, March 24, 1983, section 103, p. 8.

[7] For a more in-depth discussion of these procedures, see William C. Letzkus, "An Introduction to Social Security Benefit Computations," *Arkansas Business and Economic Review*, Vol. 16, No. 1, pp. 18-23.

[8] Termination is assumed as of January 1, 1983. While this date ignores the two year advance notice required for termination and has already passed, it was used for computation purposes to avoid estimating future earnings. Moreover, given the "constant dollar" approach of this study, the use of this date will have no effect on the cost/benefit relationships cited herein. Indeed, selecting a later date (e.g., January 1985) would have provided two additional years of social security coverage and further increased the potential benefits to current employees of social security termination.

ARKANSAS INCOME TAX CHANGES

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INTRODUCTION

The Seventy-fourth General Assembly adopted a number of changes in Arkansas's income tax laws that are of interest to the readers of the *Arkansas Business and Economic Review*. The changes in the State's income tax laws were primarily designed to make the Arkansas tax laws conform to the Federal tax laws and to clarify areas of confusion caused by their differences.

INCOME TAX AMENDMENTS

Alimony

Previously, Arkansas law did not permit a former spouse who is paying alimony to take a deduction nor did the law require the receiving spouse to include the alimony in income.[1] Act 379 of 1983 amended the definition of "gross income" by adding to that definition: "any payments of alimony received pursuant to a court order."[2] Federal and Arkansas law are now the same: the divorced spouse who is paying the alimony is entitled to deduct the paid amount from his or her gross income and the former spouse who is receiving the alimony is required to include the received amount in his or her gross income. Section 4 of Act 379 specifically allows the deduction for alimony payments in computing net income. The State Revenue department has estimated the impact on State revenues to be a loss of around $350,000[3]. Also, Section 5 of Act 379 was added to make it clear that alimony would be deductible and not classified as personal—living or family—expenses which are not deductible.

Sale of Residence

Arkansas law allows for reinvestment of the proceeds of the sale of a principal residence without taxation if the reinvestment occurs within a time allowed by law after the sale of the principal residence.[4] This Arkansas provision mirrors the Federal law. Arkansas law was amended in 1981 to extend the time period to eighteen months as permitted at that time by the Federal law. Section 6 of Act 379 further extends the time allowed for reinvestment to two years to match recent changes in Federal law.

Sale of Residence When Over 55

Section 7 of Act 379 also updates Arkansas law to match recent changes in Federal law. Current Federal law allows an individual, 55 years of age or over, to exclude from income up to $125,000 of gain from the sale of a personal residence.[5] Prior Arkansas law and previous Federal law allowed an exclusion of $100,000.[6] With the adoption of section 7 of 379 the State allowance increased to the higher amount.

Medical Deduction

Federal tax laws have been amended to allow deduction of medical expenses in excess of 5% of adjusted gross income and to eliminate the deduction for one half of the health insurance premiums up to a maximum of $150.[7] Section 9 of Act 179 merely adopts the new Federal provisions that were in effect on January 1, 1983. The net result of this provision, according to State Revenue Department estimates, will be a gain for the State general fund in excess of $3,500,000.[8]

Losses

Section 10 of Act 179 amends Arkansas income tax law with regard to the deductibility of losses. Business losses will be fully deductible but personal losses will be limited as follows: a $100 deductible base must be met and all casualty losses must exceed ten percent of individual net income.[9] Disaster loss provisions also mirror federal law. With the adoption of these amendments Arkansas law coincides with current Federal law. Although difficult to estimate, the impact on State revenues resulting from the change in treatment of casualty losses is expected to be a net gain.[10]

Depreciation Normalization of Utility Property

Arkansas utilities use straight-line depreciation for ratemaking purposes. In 1969 the Federal law mandated this practice.[11] Section 11 of Act 379 adopts Section 167(1) of the Federal Internal Revenue Code as it stood on January 1, 1983. Little effect is anticipated since this was the accepted practice in Arkansas prior to the adoption of this provision.

Charitable Contributions

Section 12 of Act 379 places Arkansas law in conformance with Federal law regarding deductions for charitable contributions. In the past Arkansas law has adopted the Federal position but recent tightening of the Federal law has not been followed in Arkansas until now.[12]

Deferred Compensation Plans

Basically, current Arkansas law with regard to deferred compensation plans follows the Federal law as it existed in 1959.[13] Numerous changes have been made in Federal law in the intervening years. Section 13 of Act 379 adopts the Federal rules with regard to the qualification of pension and profit sharing plans and Individual Retirement Accounts. This section also allows the ten-year averaging option for lump sum distributions and adopts the current Federal deductibility limitations for contributions to Keogh Plans and Individual Retirement Accounts.[14] However, Arkansas has not adopted the Federal treatment for distribution of capital gains from pension plans. The State Revenue Department has estimated the loss to the State Treasury from these changes will approximate $1,500,000.[15] The Federal law will generally reduce the limit of deductibility for deferred compensation plans in the future. This will result in decreased losses in State revenues from these changes.

Dependent Care Services

Section 15 of Act 379 adopts the Federal dependent care credit.[16] The act provides that the credit shall be ten percent of the Federal credit allowable. This section is expected to ease the calculation of dependent care credit for Arkansas tax purposes.[17] Prior Arkansas law was based on Federal law as it existed on January 1, 1977.[18] Revenue Department sources estimate the loss in State revenues at $300,000.[19]

Interest Rate Changes

Interest rates on deficiencies and on taxes paid pursuant to an extension have been raised from eight to ten percent.[20] This change by Act 379 is expected to generate $400,000 in new revenue for the State.[21]

Other Changes

The Arkansas Legislature also adopted the Accelerated Cost Recovery System (ACRS) of depreciation for Arkansas[22] as well as staggered implementation dates to lessen the impact on State revenues.[23] (The provisions of the ACRS system and the minor changes adopted by the Legislature in the Arkansas Estate Tax[24] are beyond the scope of this article.) The Arkansas Legislature also adopted procedural amendments involving appeal of license revocations[25] and claims for refunds.[26]

Act 379, signed by the Governor on March 9, 1983, contained an emergency clause.[27] That emergency clause provided that the changes contained in Act 379 would apply to all income years after December 31, 1982.

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[1] See, Ark. Stat. Ann. §84-2008(1).

[2] Section 3, Act 379 of 1983, Acts of Arkansas.

[3] Testimony before Revenue and Taxation Committee of the Arkansas General Assembly.

[4] Ark. Stat. Ann. §84-2008(2)(b).

[5] I.R.C. §121.

[6] Ark. Stat. Ann. §84-2008.4(b)(1).

[7] I.R.C. §213.

[8] *Ibid.*, n.3.

[9] Section 10, Act 379 of 1983, Acts of Arkansas.

[10] *Ibid.*, n.3.

[11] I.R.C. §167(1).

[12] See. I.R.C. §170.

[13] Ark. Stat. Ann. §84-2049.

[14] Section 13, Act 379 of 1983, Acts of Arkansas.

[15] *Ibid.*, n.3.

[16] I.R.C. §44A.

[17] Section 15, Act 379 of 1983, Acts of Arkansas.

[18] Ark. Stat. Ann. §84-2089.

[19] *Ibid.*, n.3.

[20] Sections 21 and 22, Act 379 of 1983, Acts of Arkansas.

[21] *Ibid.*, n.3.

[22] Act 854 of 1983, Acts of Arkansas.

[23] Section 3, Act 854 of 1983, Acts of Arkansas.

[24] Sections 17-20, Act 379 of 1983, Acts of Arkansas.

[25] Section 23, Act 379 of 1983, Acts of Arkansas.

[26] Section 24, Act 379 of 1983, Acts of Arkansas.

[27] Section 27, Act 379 of 1983, Acts of Arkansas.

FISCAL INEQUITIES IN ARKANSAS SCHOOL DISTRICTS

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INTRODUCTION

An issue of ongoing concern in Arkansas is the debate over the financing of education. The problem most frequently cited in the state is the low absolute level of resources allocated to investment in human capital. Somewhat less noticed is the wide variation in educational expenditures that exists among school districts in Arkansas. Variations in expenditures are due, in large part, to two factors: (1) the "tax effort" of the school district and (2) the wealth of the school district.

The primary attention of this report focuses on the use of the property tax because school districts are dependent upon this tax as their major source of revenue. Consequently, the objectives of this study are (1) to identify the extent to which Arkansas school districts attempt to raise revenues from the property tax in order to educate their citizens and (2) to estimate some differences in the relative wealth of Arkansas school districts.

METHOD OF ANALYSIS

Since a primary objective of this study is to compare the relative tax efforts of Arkansas school districts, the proposed method of analysis is based on an "average tax rate system." The procedure for measuring local government tax effort is based on a system developed by the Advisory Commission on Intergovernmental Relations in 1962.[2]

The concept of "relative tax effort" provides a means of comparing the actual fiscal performance of governments with their estimated potential. Tax effort is roughly defined as the extent to which a given governmental jurisdiction makes use of its taxable capacity. For example, if two school districts have the same tax capacity, but one of them collects more taxes than the other, then the former district may be said to be making the greater tax effort.

The tax capacity of a governmental jurisdiction is defined as the amount of revenue that could be raised if all similar jurisdictions, e.g. cities or school districts, applied identical tax rates (a statewide average) to their respective tax bases. Thus, potential revenues are determined by applying a uniform taxing system which represents local government tax practices currently affecting most citizens.

The procedure which was used to calculate a tax effort index is outlined in Exhibit 1. The measurement of tax capacity involves three steps. First, it is necessary to determine the state average property tax rate. Since property taxes are determined by the assessment and millage rates, the state average for each of these two figures is used. The second step requires the estimation, by governmental units, of the property tax revenues which would result if the statewide average rates were imposed on property owners. Finally, the tax effort is identified by the ratio of actual tax receipts to estimated tax capacity.

Using this averaging technique, total tax revenues received are equal to the tax capacity of local governments in the state as a whole. This will yield a statewide tax effort index of 100.0 (percent).

EXHIBIT 1: PROCEDURE FOR CALCULATING TAX EFFORT INDEX

(hypothetical data)

$$\underset{(\$50{,}000)}{\text{Market}} = \underset{(5{,}000)}{\text{Assessed Value}} \div \underset{(0.10)}{\text{Assessment Rate}}$$

$$\underset{(\$25)}{\text{Tax Receipts}} = \underset{(5{,}000)}{\text{Assessed Value}} * \underset{(5\text{ mills})}{\text{Millage Rate}}$$

$$\underset{(\$32)}{\text{Tax (Revenue) Capacity}} = \underset{(\$50{,}000)}{\text{Market Value}} * \underset{(0.10)}{\text{State Average Assessment Rate}} * \underset{(6.4\text{ mills})}{\text{State Average Millage}}$$

$$\text{Index of Revenue (Tax) Effort} = \frac{\text{Tax Receipts Collected}}{\text{Revenue Capacity}} * 100$$

$$= \frac{25}{32} * 100$$

$$= 78.1$$

The tax effort indices for individual jurisdictions will illustrate how they compare in fiscal effort with the state average performance. Consequently, a school district with a tax effort index of 150.0 would be collecting 50 percent more property taxes, relative to its capacity, than the average school district would be collecting. It follows that an effort index which is less than 100.0 indicates a below average tax effort.

This study is based upon the most recent property tax data which are available. Assessed valuations and millage rates for each school district are based upon 1981 data. Assessment ratios are for 1978 and reflect 1978 property values.[3] These ratios, together with 1981 assessed valuations, are used to estimate the 1981 market value of real property.

During 1981 which was the first year of the court ordered five year reassessment process, twelve counties reassessed their property while all other counties did not. These twelve were not included in this report because data from this group of counties are not directly comparable to data from other counties in Arkansas which did not reassess their property.

It should also be noted that the property tax effort of fringe school districts[4] was not calculated. The cost (time) of calculating the tax effort of all school districts was prohibitive. The extra calculation time required for each fringe district is necessary because not all of the property within each fringe district is taxed at the same rate. For example, real property in the Rose Bud school district in Cleburne County has an assessment ratio of .0712, while real property within the Rose Bud district in White County has an assessment ratio of .0875. That difference greatly increased the time required to calculate the tax effort index. Thus, fringe districts were excluded from the study for reasons of economy, not because they were thought to be unimportant.

REVENUE CAPACITY PER PUPIL

The revenue capacity per pupil (RCPP) is an estimate of the wealth of the school district in relation to the demands (enrollment) which are placed upon it. It is calculated by dividing the revenue capacity of the school district by the average daily attendance (K-12) in that school district.[5]

The twenty highest and lowest ranking school districts in RCPP are given in Table 1. While a number of interesting observations may be made, most obvious is that some counties have both extremely wealthy and extremely poor school districts within their jurisdiction. For example, the Newark school district in Independence County ranks second in the state with a RCPP of $5,309. Southside, Cushman, and Desha school districts are also in Independence County and respectively rank 179th, 193rd, and 195th out of 198 school districts.

LEVELS OF INEQUITY

There are three levels of inequity of wealth and tax effort which are of significance. These exist at the state, county, and school district levels. Inequities in wealth and tax effort at the state level are documented in the Appendix to this report. The Appendix reveals that the Farmington school district in Washington County has a tax effort index of 181.5, which ranks highest in the state. The lowest tax effort was recorded by Lonoke #1 school district with a tax effort index of only 46.0. Statewide inequities in wealth are also illustrated in Table 1. It shows that the wealthiest school district (on a per pupil basis) is the Arkansas City Special district in Desha County. It has an estimated revenue capacity of $5,823 per pupil. The poorest school district is Belleville in Yell County with only $202 per pupil in revenue capacity. Also note that Jefferson County has four of the wealthiest thirteen school districts in the state: the Whitehall, Linwood, Plumb Bayou, and Wabbaseka school districts rank third, tenth, twelfth, and thirteenth in the state, respectively. These intrastate inequities present significant policy problems to decision makers in Little Rock.

A second level of inequity exists at the county level. This is partially documented in Table 1. This table shows that there are cases where very wealthy and very poor districts are located in the same county, e.g., Columbia and Pope Counties. The Emerson school district in Columbia County ranks sixth with an RCPP of $2,146 compared with the Walker school district, also in Columbia County, which ranks 197th with an RCPP of only $203. The Russellville school district, in Pope County, ranks fifth in the state with a RCPP of $2,484, while Pottsville, also in Pope County, ranks 190th. It seems incredible that such disparities exist among school districts within the same county. Any changes in state funding of education should address intracounty inequities.

Finally, the third level of inequity that exists is at the school district level. The problem which exists at this level applies to fringe districts, i.e. those school districts which lie in two or more counties. The difficulty with this is that there are taxpayers in the same school district who pay different tax rates but they receive identical educational services. Unfortunately, very little work has been initiated thus far in an effort to document this problem for fringe school districts.

It is beyond the scope of this limited study to fully explain the determinants of property tax effort in Arkansas. However, it is possible to quickly identify general characteristics associated with trends in property tax effort. Tables 2, 3,

TABLE 1

Revenue Capacity Per Pupil
(The twenty highest and lowest school districts)

Highest

1.	Desha-Arkansas City Sp.	$5,823
2.	Independence-Newark	5,309
3.	Jefferson-Whitehall	2,830
4.	Benton-Gentry	2,675
5.	Pope-Russellville	2,484
6.	Columbia-Emerson	2,146
7.	Izard-Rural Sp.	1,693
8.	Independence-Sulphur Rock	1,364
9.	Lonoke-England	1,216
10.	Jefferson-Linwood	1,208
11.	Clark-Oklona	1,205
12.	Jefferson-Plumb Bayou	1,170
13.	Jefferson-Wabbaseka	1,162
14.	Poinsett-Weiner	1,108
15.	Arkansas-Gillett	1,052
16.	White-Griffithville	1,025
17.	Randolph-Biggers/Reyno	995
18.	Chicot-Ross Van Ness	994
19.	Arkansas-Stuttgart	978
20.	Pulaski-Little Rock	978

Lowest

179.	Faulkner-Enola	317
180.	Independence-Southside	317
181.	Poinsett-Common	315
182.	Sebastian-Hackett	299
183.	Logan-Scranton	296
184.	Washington-Prairie Grove	293
185.	Washington-Elkins	283
186.	Washington-Farmington	283
187.	Marion-County District	282
188.	Crawford-Mountainburg	281
189.	Miller-Central	281
190.	Pope-Pottsville	273
191.	Washington-West Fork	270
192.	Conway-Nemo Vista	263
193.	Independence-Desha	262
194.	Crawford-Cedarville	252
195.	Independence-Cushman	240
196.	Newton-Mt. Judea	227
197.	Columbia-Walker	203
198.	Yell-Belleville	202

and 4 suggest that counties with a high degree of forestland and/or cropland tend to have a below average level of tax effort. It follows then, that counties with a high degree of urbanization will tend to exhibit an above average tax effort. Detailed study needs to be directed in this area. It would appear likely that while real estate property in urban areas is being taxed at relatively high rates, rural farmland and timberland are being taxed at very low rates.

CONCLUSION

It is important for local citizens to be aware of the degree to which their local officials are utilizing the available tax capacity to meet local needs. It is to this end that a more refined and complete presentation of Arkansas local government tax effort is needed.

One final observation should be made. Residents of the school districts in Farmington, Little Rock, and some others with high tax effort indices are likely to feel "over-taxed". However, the fact that the state of Arkansas ranks as one of the lowest tax effort states in the nation should also be kept in mind.

TABLE 2

Percentage of Land Area in Forestland (Highest Ten Counties)

County*		Tax Effort Index	County*		Tax Effort Index
Stone	75.2%	90.9	Bradley	55.1%	90.0
Newton	70.9	96.9	Searcy	54.6	83.7
Saline	62.5	109.1	Sharp	52.2	96.2
Union	60.7	119.9	Dallas	42.3	115.1
Columbia	59.2	77.7	Van Buren	40.9	93.2

*Cleveland County has 65.1% of its land area devoted to forestland but has reassessed its property pursuant to Amendment 59 and was not included in the study.

TABLE 3

Percentage of Land Area in Harvested Cropland (Highest Ten Counties)

County*		Tax Effort Index	County*		Tax Effort Index
Poinsett	95.8%	102.6	Woodruff	94.3%	68.7
Crittenden	95.7	112.7	Cross	93.5	99.7
Phillips	95.6	85.1	Desha	93.4	90.2
Lee	94.7	85.2	Jackson	92.9	87.8
Arkansas	94.7	85.1	Chicot	92.5	76.8

*Mississippi and St. Francis Counties have 96.0% of their area devoted to cropland but have reassessed their property pursuant to Amendment 59 and were not included in the study.

TABLE 4

Percentage of Population in Urban Area (Highest Ten Counties)

County*		Tax Effort Index	County*		Tax Effort Index
Pulaski	84.4%	158.0	Washington	60.9%	145.6
Sebastian	82.1	129.2	Arkansas	60.8	85.1
Jefferson	71.4	87.8	Crittenden	60.4	112.7
Miller	64.9	118.5	Union	55.7	119.9
Chicot	61.9	76.8	Phillips	53.5	85.1

*Garland has 65.8% of its population in urban areas but has reassessed its property pursuant to Amendment 59 and was not included in the study.

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[1] Financial assistance from the University of Central Arkansas Faculty Research Fund is recognized.

[2] *Measures of State and Local Fiscal Capacity and Tax Effort of State and Local Areas*, by Selma J. Mushkin and Alice Rivlin, Advisory Commission on Intergovernmental Relations, Washington, D.C., 1962.

[3] Assessment valuations used in this study were obtained from the 1981 "Summary Report of County Assessments." School district millage rates were taken from the "Millage Report 1981." City and rural real estate assessment ratios are from the "1978 Sales Ratio Study," an unpublished report by the Assessment Coordination Division, Little Rock, 1978. Assessment ratios for personal property and utilities' property are for 1981 and reflect current property values. See Annual Sales-Ratio Study by the Assessment Coordination Division.

[4] A fringe district is defined by the Assessment Coordination Division as a school district which lies in two or more counties.

[5] Data on average daily attendance were obtained from the Annual Statistical Report of the Public Schools of Arkansas, by the Arkansas Department of Education, January, 1982.

APPENDIX
SUMMARY STATISTICS
(before Amendment 59 reassessment)

County	School District	Rev. Capacity Per Pupil	Tax Effort Index
Arkansas	Gillett #66	1052.5	96.9
	St. Charles #54	964.5	80.7
	Stuttgart #22	978.4	87.1
Baxter	Mtn. Home #9	863.8	115.2
	Cotter #60	422.7	139.1
Benton	Bentonville #6	933.4	117.3
	Gentry #19	2675.6	110.2
	Decatur #17	554.9	128
	Pea Ridge #109	369.6	132.9
	Gravette #20	575.6	109.6
Boone	Bergman #3	391.3	84.8
	Harrison #1	840.6	90.3
	Valley Springs #2	456.8	80.2
Bradley	Warren #1	639.9	85.9
	Hermitage #12	573.1	95.7
	Banks #14	561.5	124.1
Carroll	All fringe districts		
Chicot	Eudora Sp.	833	82.6
	Ross Van Ness	944.2	80
Clark	Amity #41	445.4	104
	Gurdon #60	695.7	94.7
	Okolona #73	1205.3	74.7
	Arkadelphia #1	686.3	112.1
Cleburne	Heber Springs #1	728.1	107.9
	County District #44		147.1
Columbia	Emerson #66	2146.9	74.6
	McNeil #37	402.8	87.2
	Magnolia #14	687.7	76.7
	Taylor #71	1013.4	75
	Waldo #50	356.7	84.6
	Village #30	517.4	93.2
	Walker #33	203.1	97.1
Conway	So. Conway Co. #17	441.6	130
	Nemo Vista #8	263.1	138.6
Craighead	Jonesboro Sp.	688.3	139.7
	Bay-Brown #21	391	97.8
	Dixie-Brookland #41	475	91.3
	Monette #40	761.4	83
	Caraway #10	555.4	94.8
	Lake City Sp.	372.7	08.4
	Valley View #58	632.4	86.6
	Nettleton Sp.	676.5	96

County	School District	Rev. Capacity Per Pupil	Tax Effort Index
Crawford	Alma #30	352.6	111.3
	Mountainburg #16	281.3	112.7
	Van Buren #42	533.9	112.5
	Cedarville #44	252.9	112.8
	Mulberry #101	--	97.2
Crittenden	Marion #3	380.1	127.2
	Hulburt-West Memphis #4	386.6	108.8
	Turrell #5	226.5	127
	Crawfordsville #2	370.6	101.6
Cross	Parkin #14	383.6	115.1
Dallas	All fringe districts		
Desha	Arkansas City Sp.	5823.6	81.6
	Delta Sp.	800.4	87.5
Drew	Monticello #18	519.2	100.8
	Wilmar #20	423	102.6
Faulkner	Conway #1	567	115.4
	Vilonia #17	340.5	88.7
	Enola #41	317.3	94.9
	Guy-Perkins #34	360.4	94.6
	Mayflower #78	494.2	104.5
Franklin	Pleasant View #4	476	90.3
	Altus-Denning #31	735.8	79.2
Fulton	All fringe districts		
Grant	Grapevine #2	541.8	132.5
	Prattsville #3	331.5	100.1
	Leola #6	726	106.4
Greene	Paragould Sp. #1	502.5	113
	Marmaduke #C-2	451.3	89.3
	Lafe #C-8	445.9	103.3
	Oak Grove #C-9	339.8	95.8
	Stanford #C-11	584.2	90.1
Hempstead	Hope #1A	574.4	90.9
	Blevins #2	550.4	121.7
	Spring Hill #10	353	124.7
	Washington #12	522.9	116.3
Hot Spring	Malvern Sp.	544.9	86.1
	Ouachita #1	589.5	100.4
Howard	All fringe districts		
Independence	Batesville #1	596.9	116
	Southside #3	317.1	109.4
	Sulphur Rock #6	1364	110.4
	Newark #33	5309.3	82.2
	Desha #45	262.9	115.5
	Cushman #81	240	113.2
	Oil Trough #100	387.7	92.5

County	School District	Rev. Capacity Per Pupil	Tax Effort Index
Izard	Rural Sp. #1	1693.2	79.4
	Melbourne #20	465.5	96.5
	Calico Rock #50	455.2	111.5
	County District #64	--	119.2
Jackson	Beedeville #28	901.8	85.1
	Newport Sp.	686	88.5
	Tuckerman Sp.	669.7	85.4
	Swifton Sp.	898.4	89.6
Jefferson	Plumb Bayou #1	1170.6	57.1
	Dollarway #2	502	83
	Pine Bluff #3	787	114.1
	Wabbaseka #7	1162.1	56.1
	Linwood #17	1208.7	53.7
	Altheimer #22	916.2	60.2
	Watson Chapel #24	674.2	67
	Whitehall #27	2830.2	81.6
Johnson	Clarksville #17	594	93.8
	Coal Hill #30	408.3	101.7
	Hartman #50	421.8	89.6
Lafayette	Lewisville #LS	522.7	107.8
	Bradley #20	523	101.4
Lawrence	Clover Bend #12	832	72.1
	Walnut Ridge #19	713.2	77.6
	Black Rock #40	423.7	73.6
	Hoxie #45	452.2	78.7
	Lynn #76	450.4	85.3
Lee	Marianna #A	455.2	85.2
Lincoln	Grady #5	435.1	104.2
	Star City #11	420.6	97
	Gould Sp.	444.2	96.4
Logan	Paris #7	491.5	89.6
	Magazine #15	550	96.2
	Scranton #22	296	114.8
Lonoke	Lonoke #1	920.6	51.7
	England #2	1216.8	46
	Cabot #4	587.4	57.8
	Humnoke #5	662.4	46.2
Marion	County District #1	282.2	137.1
	Flippin #26	674.9	91.2
	Oakland #2	887.2	143.4
Miller	Central #1	281	138.8
	Garland #4	587.3	146.8
	Bright Star #6	401.3	124
	Fouke #15	318.9	132.4
Monroe	Holly Grove #7	775.2	61.5
Montgomery	Caddo-Hills #28	394.3	101.9
	Oden #43	428.4	88.3

County	School District	Rev. Capacity Per Pupil	Tax Effort Index
Nevada	Central #1	517.1	107.3
	Prescott #14	515.5	100.6
	Cale #21	522.7	103.8
	Bodcaw #56	443.5	121
	Willisville #77	711.5	119.6
Newton	Jasper #1	437.4	101.9
	Mt. Judea #8	227.6	88.3
Ouachita	Harmony Grove #1	625.8	104.4
	Fairview #16	658.5	94.5
	Camden #35	618.6	111.4
	Chidester #59	699.5	91.2
Perry	All fringe districts		
Phillips	Helena-West Helena #2	616.1	89.5
	Barton #4	504.1	72.3
	Lake View #25	369.3	95.4
Poinsett	Common #1	315.8	152.3
	Weiner #2	1108.3	107.4
	Harrisburg #6	422.6	97.6
	Trumann #21	377.7	85.6
	Tyronza #22	400.4	110.4
	Marked Tree #28	74.8	113.3
Polk	Mena Sp.	616.6	85.2
	Van Cove #1	520.9	86.1
	Hatfield #22	519.5	82.6
Pope	Russellville #14	2484.4	87.5
	Atkins #18	345.7	81.3
	Pottsville #61	273.9	90.2
Pulaski	Little Rock Sp.	978.3	153.3
	North Little Rock Sp.	704.3	149.6
Randolph	County District #1	502.2	78
	Maynard #15	379.7	98.7
	Biggers-Reyno #87	995.2	66.7
Saline	Harmony Grove #1	364	135
	County District #2	--	146.6
	Bryant #25	396.8	109.6
Scott	All fringe districts		
Searcy	Witts Springs #1	539.8	96.2
	St. Joe #69	396.3	93.3
Sebastian	Fort Smith Sp.	801.1	129.9
	Lavaca #3	353.4	146.9
	Hackett #17	299.8	124.8
	Greenwood #25	444.3	124.3
	Hartford #94	469.9	112.7
Sharp	Poughkeepsie	442	109.1
Stone	Mtn. View #30	417	83.5
	Rural Sp. #2	318.8	113.4

County	School District	Rev. Capacity Per Pupil	Tax Effort Index
Union	Union #2	355.6	106.5
	El Dorado #15	722.5	124.9
	Parkers Chapel #35	669.4	113
	Norphlet #50	305.6	117.3
	Huttig #60	524.8	106
	Junction City #75	379.5	114.7
	Strong #83	494.5	98.6
Van Buren	Clinton #1	529.4	95.2
Washington	Fayetteville #1	731.8	153.6
	Farmington #6	283.1	181.5
	Elkins #10	283.3	152.3
	Winslow #20	321.1	141.9
	Prairie Grove #23	293.1	172.3
	Lincoln #38	350.2	168.5
	Greenland #95	502.2	139.9
	West Fork #141	270.9	150.1
White	Central #48	511.6	78.1
	Griffithville Sp.	1025.3	73
	Judsonia Sp.	381.3	83.1
	Kensett Sp.	422.2	68.6
	McRae Sp.	602.5	81.6
Woodruff	Augusta #10	786.2	71.3
	McCrory #12	627.9	67.3
Yell	Belleville #1	202.3	60.8
	Plainview-Rover #7	484.2	81.2
	Ola #10	334.7	101.2
	Danville #36	559.8	99.7
	Havana #86	440.1	103.5

ECONOMIC IMPACTS OF THE AT&T SETTLEMENT: THE BROAD VIEW

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INTRODUCTION

When the history of our times is written, the AT&T break-up will go down as the biggest antitrust action of all times. Moreover, the impact on the mass of American people is immediate and considerable. Even so, public concern with the short-run effects have largely obscured long-range potentially beneficial effects on the total economy.

When the settlement of the Justice Department's antitrust case against AT&T was announced, vehement charges of "sell-out" were raised in some quarters. The charges were made that government caved-in to the biggest monopoly of all and that future antitrust efforts in this country are in jeopardy because of the precedent set.

More recently attention has focused on the immediate increase in telephone rates that consumers will be required to pay for local service. Some estimates are that basic rates will more than double. Unlike antitrust actions in the past which were taken for granted as being in the public interest, some observers are wondering where the public benefit lies in the current settlement.

The agreement required AT&T to divest itself of 22 local telephone operating companies which will become eight independent companies. Southwestern Bell, one of the 22, will remain intact as it is currently constituted. In effect the split-up will separate the natural monopoly and the potentially competitive segments of the system. Totaling nearly two-thirds of AT&T's total assets, the local operating companies represent the classical case of "natural" monopoly. They are "natural" monopolies in that fixed costs are such a large portion of total cost that more than one seller would result in an inefficient use of resources and unit cost would be tremendously higher. Because of this fact, the operating companies will continue to be regulated monopolies as in the past while the rest of AT&T will become a relatively unregulated competitor in the market.

AT&T will continue to include most of the country's long-distance telephone service, the Western Electric subsidiary, which manufactures communications equipment, and the research facility, Bell Laboratories. All of these divisions currently are competitive to some extent and are potentially highly competitive.

Under the agreement, communications equipment makers such as Northern Telecom will have greater access to sell to the new owners of the local operating companies; and since these companies are required to accept competitive bids for larger purchases, the old ties to Western Electric will be broken. In long distance service, management of MCI communications, which has 1.5 percent of the long distance business, expects considerable gains in volume to result from equal access to the local operating companies.

It can be expected that as AT&T faces increased competition in its own backyard, it will make a concerted push into areas of competition that have been closed to it. As soon as the consent decree permits, AT&T will have the potential to enter the computer field, among others. As a result, competition and all the economic benefits it brings will be enhanced in both the communications and the computer industries.

Regulation by the Public Service Commission of the newly independent local operating companies should become less complex as cross-subsidies practiced by AT&T will no longer be used. Prices for basic service have been lower than the cost of providing that service with the difference made up by subsidies from such services as long distance and equipment sales. The end of such subsidies, however, will mean higher prices for basic service. These higher basic prices should be offset somewhat by lower equipment and long distance charges, but the ordinary consumer will undoubtedly feel the pinch.

Nevertheless, prices for each part of telephone service will more accurately reflect true cost of production and consequently ultimately yield a more efficient allocation of resources. Resources are said to be efficiently allocated when the prices consumers are willing and able to pay for a good or service equals the cost of producing an additional unit. When prices are below the total cost of production, such as basic telephone service, consumers are encouraged to overuse that service; or when prices are above the total cost of production, i.e. long distance, consumers underuse that service. Prices that more accurately reflect cost improve the overall efficiency of a market economy.

Concern for low income households having telephone service available to them at the higher prices could best be addressed by a governmental income supplement. Such a supplement would accomplish equity considerations while allowing market efficiency.

So, in the long run, the AT&T break-up will result in more competition in the total telecommunications industry, less complicated regulation of the natural monopoly segment of the industry, and ultimately a more efficient allocation of resources. However, we all live in the short run, and in the short run we will be forced to make somewhat painful adjustments to a new situation.

AN ECONOMIC FORECAST FOR ARKANSAS THROUGH 1984

Harry A. French
Associate Economist
University of Arkansas, Fayetteville

Because the state of the Arkansas economy at calendar year's end 1983 and 1984 is of great importance to all Arkansans, the staff of the Bureau of Business and Economic Research has surveyed a purposive sample of Arkansans to learn what they expect of the economy. That sample included 198 individuals—bankers, financiers, professors, economists, businessmen, and government officials. The survey consisted of a cover letter, Exhibit 1, and a questionnaire composed of 17 specific items, Exhibit 2. The items covered obvious facets of the Arkansas economy. Eighty-three usable returns were received for a 42% response rate. The rate was considered acceptable for mailed questionnaires without follow-up.

In Exhibit 2, the percentages of total responses are presented for each sub-item under Items 1 through 13 and 17. Note that percentages under an item may not total 100 percent because of rounding. In Items 14 and 15, the first percentage relates to the number of times each sub-item was ranked first. The second percentage on each line relates to the cumulative number of times each sub-item was ranked 1 through 5 or 1 through 3 respectively. In Item 16, the percentages relate to cumulative responses indicating chances of 50 percent or better, 70 percent or better, 80 percent or better, and 90 percent or better respectively.

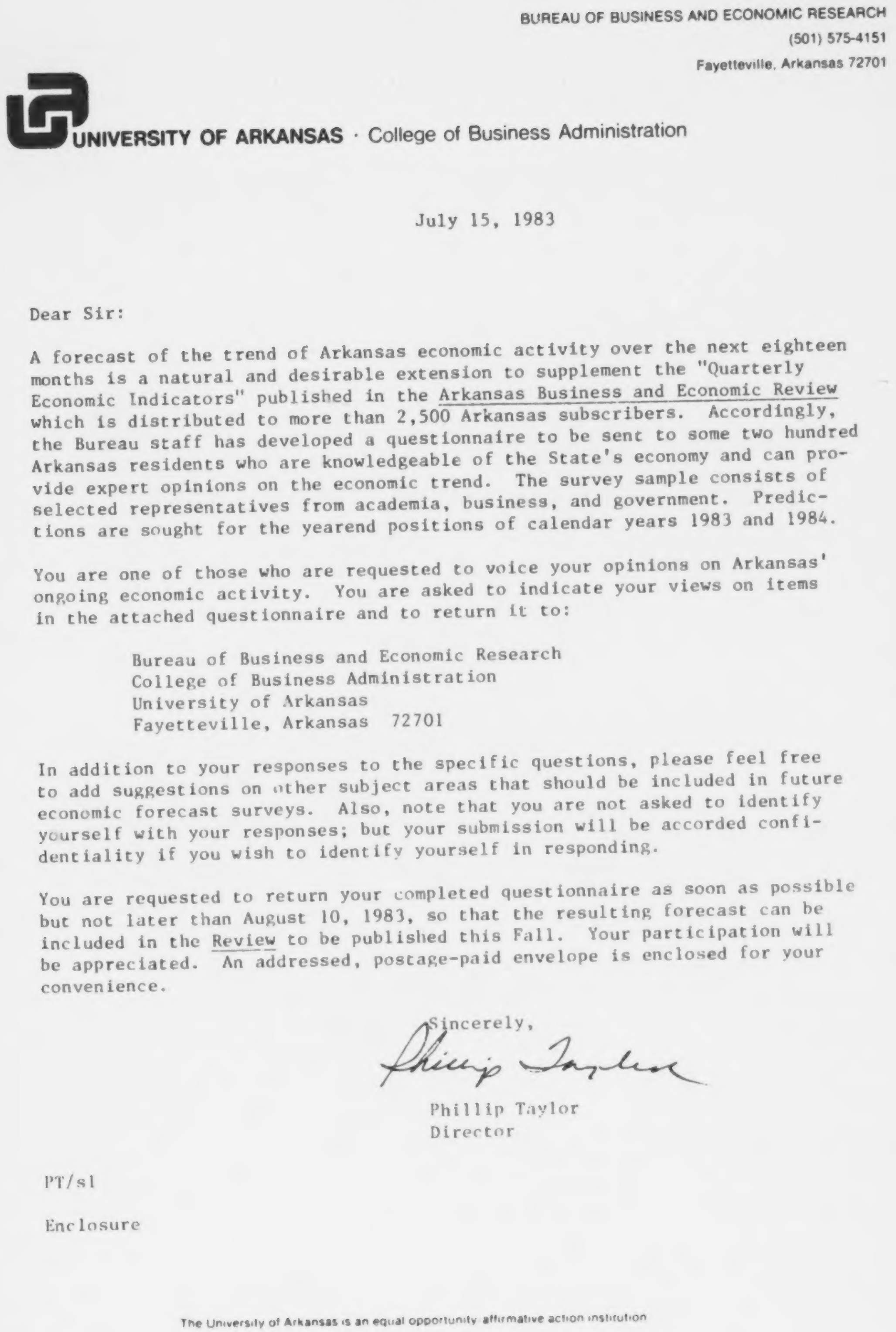
Generally, respondents felt that the economy will continue to improve through 1983 and, with even more of a consensus, through 1984. Examples of the expressed confidence are seen in the responses to Item 1 through 10, 12, 13, and 16. Respondents indicated that wages, loans, capital investment, construction, sales, labor force, population, and personal income and would be up while unemployment would fall significantly and consumer prices would rise moderately.

With respect to Item 14 respondents expressed only one concensus—U.S. budget deficits—on issues affecting the U.S. economy although inflation, unemployment, interest rates, and the money supply were mentioned often enough to warrant being watched closely. In Item 15, U.S. budget deficits again drew a concensus as the most serious economic problem with unemployment, inflation, and interest rates reflecting the sample's continuing concern.

In Item 17, there was no concensus but the ideas of "instituting tax credits to stimulate employment" and "letting the price system regulate the market" seem to be the preoccupying approaches to unemployment. Also under sub-item "Other", respondents listed other ideas to lessen unemployment but none of the added recommendations were repeated more than twice and most could be ascribed as special cases under a listed sub-item, for example, "forced public service" appears closely related to sub-items "more public service jobs" and "public works spending."

Finally, Item 13 responses were particularly interesting in the light that last year's expectations for the Dow for 1982 and 1983, reported in the *Arkansas Business and Economic Review,* Volume 15, Number 3, 1983, were below the levels actually achieved. This year's responses for 1983 show that 87 percent now expect the Dow to remain above 1,100 and 51 percent believe the Dow will hold above 1,200. For 1984, the expectations are similar, if not even more optimistic for a continuing bull market, with 80 percent indicating the Dow will remain above the 1,100 level, 56 percent holding it will be above the 1,200 level, and a surprising 38 percent believing the average will rise above the 1,300 level.

EXHIBIT 1



BUREAU OF BUSINESS AND ECONOMIC RESEARCH
(501) 575-4151
Fayetteville, Arkansas 72701

UNIVERSITY OF ARKANSAS · College of Business Administration

July 15, 1983

Dear Sir:

A forecast of the trend of Arkansas economic activity over the next eighteen months is a natural and desirable extension to supplement the "Quarterly Economic Indicators" published in the Arkansas Business and Economic Review which is distributed to more than 2,500 Arkansas subscribers. Accordingly, the Bureau staff has developed a questionnaire to be sent to some two hundred Arkansas residents who are knowledgeable of the State's economy and can provide expert opinions on the economic trend. The survey sample consists of selected representatives from academia, business, and government. Predictions are sought for the yearend positions of calendar years 1983 and 1984.

You are one of those who are requested to voice your opinions on Arkansas' ongoing economic activity. You are asked to indicate your views on items in the attached questionnaire and to return it to:

Bureau of Business and Economic Research
College of Business Administration
University of Arkansas
Fayetteville, Arkansas 72701

In addition to your responses to the specific questions, please feel free to add suggestions on other subject areas that should be included in future economic forecast surveys. Also, note that you are not asked to identify yourself with your responses; but your submission will be accorded confidentiality if you wish to identify yourself in responding.

You are requested to return your completed questionnaire as soon as possible but not later than August 10, 1983, so that the resulting forecast can be included in the Review to be published this Fall. Your participation will be appreciated. An addressed, postage-paid envelope is enclosed for your convenience.

Sincerely,

Phillip Taylor

Phillip Taylor
Director

PT/sl

Enclosure

The University of Arkansas is an equal opportunity affirmative action institution

EXHIBIT 2

ECONOMIC CONDITION SURVEY

Estimated Key Economic Trends in Arkansas as of Year's End, Calendar 1983 and 1984

Please indicate the phrase which most nearly corresponds with your views. As a point of reference, unless specified otherwise, all change is to be estimated for the 1983 and 1984 yearend levels (base = yearend 1982).

1. Wage rates in real terms in Arkansas will be:

1983		1984	1983		1984
4	Down	4	33	Up	59
63	About the same	36	0	No opinion	1

2. Total consumer loans in Arkansas will be:

1983		1984	1983		1984
7	Down	7	76	Up	77
15	About the same	12	2	No opinion	4

3. Capital investment funds in Arkansas for plant and equipment will be:

1983		1984	1983		1984
9	Down	2	51	Up	79
37	About the same	13	4	No opinion	5

4. Price level for consumers in Arkansas will be:

1983		1984	1983		1984
1	Down more than 1%	0	46	Up 1% to 3%	28
4	Down 1% or less	1	26	Up 3% to 5%	40
8	About the same	5	2	Up more than 5%	19
11	Up 1% or less	5	1	No opinion	2

5a. Value of new residential construction in Arkansas will be:

1983		1984	1983		1984
1	Below 1982 level	2	77	Above 1982 level	89
22	About the same	5	1	No opinion	4

b. Arkansas' residential construction experience, relative to that of the U.S., will be:

1983		1984	1983		1984
28	Worse	19	52	About the same	62
20	Better	20			

6. Level of commercial-industrial activity in Arkansas as measured by sales will be:

1983		1984	1983		1984
6	Down	0	63	Up	92
28	About the same	5	3	No opinion	3

7. Unemployment rate in Arkansas (9.1% in April 1983) will be:

1983		1984	1983		1984
4	Less than 8	35	0	Between 10 & 11%	3
53	Between 8 and 9%	51	0	Over 11%	0
42	Between 9 and 10%	10	1	No opinion	1

8. Civilian labor force (1,018,000 in April 1983) in Arkansas will be:

1983		1984	1983		1984
4	Down	3	44	Up	68
48	About the same	24	4	No opinion	5

9. Cost of transportation services in Arkansas will be:

1983		1984	1983		1984
0	Down	2	64	Up	85
30	About the same	6	6	No opinion	6

10. In comparison with the U.S. average, Arkansas' total population change will be:

9	Below the U.S. average	5
29	About the same as the rest of the country	23
62	Above the U.S. average	71

11. Total farm cash receipts for 1983 and 1984 in current dollars will: (Current dollar values for cash receipts from Arkansas farm marketings, in 1981, totaled $3,436.6 million with $1,611.5 million for livestock and products and $1,825.1 for crops, and, in 1982, totaled $3,321.9 million with $1,487.1 million for livestock and products and $1,834.8 million for crops.)

1983		1984
33	Decrease from the 1982 current dollar level	17
38	Remain about the same as 1982 current dollar amount	30
29	Increase from the 1982 current dollar level	54

12. With respect to the 1982 total of $19,092.75 million, total annual Personal Income for Arkansans in **real** dollars (current 1983 and 1984 dollars adjusted for inflation to 1982 dollars) will:

1983		1984	1983		1984
5	Fall	2	52	Rise	75
41	Remain about the same	20	2	No opinion	2

Major U.S. Economic and Policy Issues

13. The Dow Jones Industrial Average (approximately 1215 on July 11, 1983) will be:

1983		1984	1983		1984
0	Less than 800	0	36	Between 1100 & 1200	14
1	Between 800 & 900	0	44	Between 1200 & 1300	28
1	Between 900 & 1000	0	7	Over 1300	38
5	Between 1000 & 1100	14	5	No opinion	6

14. Please rank in descending order five (5) issues, that you feel will exert the most influence on the U.S. economy (1 = Most Significant).

1983		1984
9-13	Inflation	11-16
57-19	U.S. budget deficits	62-19
0- 2	Weather effects on agriculture and energy usage	0- 1
0- 0	Ecological and environmental pollution	0- 0
1- 6	Foreign competition in domestic markets	2- 6
0- 1	Consumer awareness movements	0- 0
12-16	Unemployment	5-12
1- 7	Energy supply and cost	1- 9
1- 1	International exchange rates	1- 1
0- 2	Balance of trade deficits	0- 3
12-16	Interest rates	11-18
1- 2	New acts and laws by Congress	1- 1
5- 9	Money supply	5- 8
0- 3	International commitments and developments	0- 3
0- 0	Tax revolt by citizens	0- 0
0- 0	Other	0- 0

15. In our society, the three (3) most serious economic problems will be (1 = Most Serious):

1983		1984
1- 4	Foreign competition in domestic market	1- 4
13-20	Unemployment	7-16
11-17	Inflation	16-21
6- 7	Declining productivity and real growth	7- 8
1- 1	Balance of trade deficits	1- 1

54-27	U.S. Budget deficits	56-28
13-22	Interest rates	11-21
0- 0	Other	0- 0

List:

16. What is the percent chance that in the domestic economy the recovery will continue through 1983? 85, 72, 57 & 35; through 1984? 85, 59, 30 & 9.

17. With the recent U.S. experience as regards inflation and unemployment, what are the recommended approaches to reduce unemployment? (If more than one choice, rank in descending order from 1 - Best Approach.)

1983		1984
3	Reinstitute the military draft	3
1	Create more government "public service" jobs	2
4	Accelerate public works spending	5
37	Institute tax credit to stimulate employment	30
36	Let the price system regulate the market	37
3	Sponsor job training programs, including OJT	5
0	Broaden entitlement programs	0
3	Eliminate minimum wage legislation on teenagers	3
1	Increase defense spending	2
10	Other	14

List:

1983 SELECTED ARKANSAS AND U.S. ECONOMIC INDICATORS

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ARKANSAS ECONOMY: Q-I, 1983

Phillip H. Taylor
Director, Bureau of Business and Economic Research
University of Arkansas, Fayetteville

The economy has continued its recovery in recent quarters. Unemployment in Arkansas has returned to below the national level after peaking substantially above that level during 1982. Total unemployment has continued to move upward, surpassing the average for 1983.

Arkansas' Total Personal Income in the early part of the year grew at more than double the rate of that of the U.S. and at substantially more than inflation. Should this performance continue throughout the year, Arkansans will enjoy an inflation adjusted (real) increase of approximately five percent for the year. Moreover, recent reports of declines in the state's population in both 1981 and 1982, if correct, mean that per capita income rose more in 1982 than the modest growth in 1982 Total Personal Income would imply.

Value Added by Manufacture registered sharp improvement in early 1983 after two quarters of downward movement. The level achieved in the first quarter of 1983 was very near the record level of early 1981.

The agricultural sector has continued to be a weak spot in the Arkansas economy. Cash receipts from farm marketings in the initial three months of 1983 fell to a level not seen since mid-1980. While the PIK program may offer relief to some farmers, it has meant higher feed costs to others. In addition, the high temperatures and limited rainfall of August may well have caused extensive damage to crops so that productivity is likely to be well below early estimates.

In contrast to agriculture's performance, the construction sector has shown substantial improvement. Residential construction contracts have continued to move upward since their low point in the first quarter of 1982. While still below the level of 1978, the dollar volume of residential contracts grew on an annualized basis to over $800 million in Quarter I, 1983. At the same time, nonresidential construction showed renewed strength in the first quarter of the year with indicators pointing to even higher levels of activity since that time.

Net new savings, in 1967 dollars, registered the sharpest increase of any of the Arkansas economic indicators in early 1983. The almost $216 million in net new savings in the first quarter was greater than the annual totals in any year since 1977. At the same time, total new loans, in 1967 dollars, climbed to almost $156 million in Quarter I, or over 60% above the comparable figure in Q-IV, 1982.

Tonnage moving on the Arkansas River rose slightly at the outset of the year, reflecting increased economic activity. However, the rather dismal outlook for agriculture is likely to curtail river traffic late in the year.

With employment, construction activity, and personal income all rising into mid-1983, the Arkansas economy appears to be well into a recovery from the recession's 1982 trough. While agriculture's problems and the chance of rising interest rates are possible clouds on the economic horizon, 1983 should provide a full year of strong economic recovery.

EMPLOYMENT

Base Year to Date and Quarterly Changes in Total Employment, Arkansas and United States

Seasonally adjusted, percent. Base Year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 42.1	- 1.7	+ 0.6	+ 2.3	+ 0.3
United States	+ 32.2	+ 0.2	0.0	- 0.6	0.0

Employment by Major Industry Group in Arkansas, and Unemployment Rate, Arkansas and United States

Seasonally adjusted, units — Actual Rate, Percent

TIME PERIOD	EMPLOYMENT				UNEMPLOYMENT RATE	
	Wage and Salary		Agricultural	Total	Arkansas	United States
	Manufacturing	Nonmanufacturing				
1976	187,300	445,100	65,600	827,000	7.1	7.7
1977	208,900	483,400	62,800	876,000	6.6	7.1
1978	216,500	507,350	61,250	886,000	6.3	6.1
1979	217,750	526,700	65,800	926,000	6.2	5.8
1980	210,050	540,400	65,100	923,000	7.6	7.1
1981	212,100	536,150	64,100	936,000	9.1	7.6
1982	195,625	525,925	63,440	919,000	9.7	9.5
1983, Q-I	192,800	527,675	63,520	936,424	10.5	11.2

PERSONAL INCOME

Base Year to Date and Quarterly Changes in Personal Income, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 371.9	+ 2.5	+ 1.0	+ 1.9	+ 2.1
United States	+ 319.5	+ 1.7	+ 1.6	+ 1.3	+ 0.9

Personal Income in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	2,508	2,837	3,118	3,698	4,002	4,474	4,638.0	4.997.8
Apr-Jun	2,667	2,948	3,208	3,681	3,975	4,548	4,755.3	
Jul-Sep	2,626	2,984	3,315	3,805	4,160	4,704	4,803.5	
Oct-Dec	2,676	3,070	3,406	3,929	4,265	4,740	4,896.0	
Annual	10,477	11,839	13,047	15,113	16,402	18,466	19,092.8	

VALUE ADDED BY MANUFACTURE

Base Year to Date and Quarterly Changes in Manufacturing, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 289.3	+ 0.3	- 0.5	- 2.3	+ 4.4
United States	+ 38.5	- 1.8	- 0.7	- 2.1	+ 2.4

Value Added by Manufacture in Arkansas

Seasonally adjusted, millions of dollars

Quarter	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Jan-Mar	1,099.3	1,158.2	1,326.7	1,416.1	1,435.8	1,534.0	1,500.7	1,525.9	1,419.0
Apr-Jun	1,103.2	1,226.4	1,377.1	1,407.8	1,328.3	1,506.7	1,505.2		
Jul-Sep	1,134.7	1,234.1	1,344.0	1,369.4	1,325.2	1,523.6	1,497.0		
Oct-Dec	1,103.1	1,248.6	1,325.7	1,362.1	1,374.7	1,458.0	1,462.1		
Annual	4,440.3	4,867.3	5,373.5	5,555.4	5,464.0	6,122.3	5,965.0		

CASH RECEIPTS FROM FARM MARKETINGS

Base Year to Date and Quarterly Changes in Cash Receipts, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 193.0	+ 1.6	- 9.2	- 3.5	- 12.1
United States	+ 228.5	+ 1.3	- 0.8	+ 0.6	- 2.7

Cash Receipts from Farm Marketings in Arkansas

Seasonally adjusted, thousands of dollars

Quarter	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Jan-Mar	56[illegible],575	686,105	915,305	931,511	961,705	823,428	868,250	678,841	553,900
Apr-Jun	740,457	703,457	705,441	719,506	658,942	909,757	881,841		
Jul-Sep	621,624	578,357	760,304	762,307	879,485	1,011,547	800,923		
Oct-Dec	497,214	500,169	584,144	663,304	570,684	692,029	772,552		
Annual	2,425,367	2,468,088	2,965,194	3,081,628	3,070,816	3,436,761	3,323,566		

ACTIVITY OF ARKANSAS SAVINGS AND LOAN ASSOCIATIONS

Base Year to Date and Quarterly Changes in Activity of Arkansas S & L Associations

Not seasonally adjusted, percent (based on CONSTANT DOLLARS), Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982-Q-IV	1982 Q-IV thru 1983 Q-I
Total New Loans	+ 426.3	+ 44.1	- 4.5	+ 190.3	+ 64.1
Net New Savings	+ 1,024.6	+ 4.1	- 9.9	+ 674.8	+ 261.2

Economic Activity of Arkansas Savings and Loan Associations

Not seasonally adjusted, Thousands of dollars

TIME PERIOD	TOTAL NEW LOANS		NET NEW SAVINGS	
	Current $	1967 $	Current $	1967 $
1976	606,400	355,280	393,300	231,050
1977	815,800	448,590	405,000	223,492
1978	729,300	373,700	416,900	213,610
1979	625,900	290,560	436,830	204,525
1980	504,700	204,275	287,600	115,580
1981	360,800	132,970	20,000	7,240
1982	677,400	233,370	353,800	121,355
1983 Q-I	457,000	155,850	632,100	215,560

WATERBORNE COMMERCE:
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM

Base Year to Date and Quarterly Changes in Total and Internal Tonnages

Not seasonally adjusted, percent, Base = Ave. Qtr. 1971

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Total	+ 122.7	- 25.4	+ 5.4	- 3.0	+ 6.2
Internal	- 40.0	+ 84.2	+ 54.7	- 4.7	- 67.2

Freight Traffic
Arkansas River Commerce

Not seasonally adjusted, Thousands of short tons

TIME PERIOD	TRAFFIC TONNAGES*			
	INBOUND	OUTBOUND	INTERNAL	TOTAL
1976	1,988	1,663	3,033	7,078
1977	2,841	2,339	3,463	9,138
1978	2,595	3,899	3,170	10,216
1979	2,026	3,456	2,932	8,926
1980	1,611	4,643	2,408	9,133
1981	1,564	5,684	1,741	9,446
1982	1,520	4,611	1,561	8,258
1983 Q-I	426	1,103	364	2,030

*Total tonnage includes "through traffic"—shipments which originate and terminate outside the Arkansas River Commerce Area.

RESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 243.7	+ 57.5	+ 13.1	- 3.0	+ 0.7
United States	+ 255.5	+ 48.8	+ 5.5	+ 2.2	+ 6.5

Residential Construction Contracts in Arkansas

Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	116,379	160,861	220,739	205,119	144,050	176,180	115,590	205,650	185,200
Apr-Jun	117,164	173,558	236,915	153,917	137,600	159,750	153,850		
Jul-Sep	122,732	182,210	227,633	193,364	177,450	138,360	174,250		
Oct-Dec	134,927	217,222	236,718	154,130	185,450	158,510	204,440		
Annual	491,202	733,851	922,005	706,530	664,550	632,800	648,130		

NONRESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-I	1982 Q-I thru 1982 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I
Arkansas	+ 93.0	+ 43.2	+ 31.6	- 21.4	+ 22.8
United States	+ 176.5	+ 19.5	+ 5.0	+ 12.7	+ 4.4

Nonresidential Construction Contracts in Arkansas

Not Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	43,591	57,486	72,851	88,988	72,300	90,500	96,300	69,500
Apr-Jun	93,906	63,726	60,479	109,976	91,200	72,700	54,700	
Jul-Sep	67,913	67,632	90,471	70,296	91,900	59,400	72,000	
Oct-Dec	79,004	76,866	69,041	112,549	99,700	79,500	56,600	
Annual	284,414	265,710	22,842	381,809	355,100	302,100	279,600	

LABOR FORCE ESTIMATES

May 1983, not seasonally adjusted

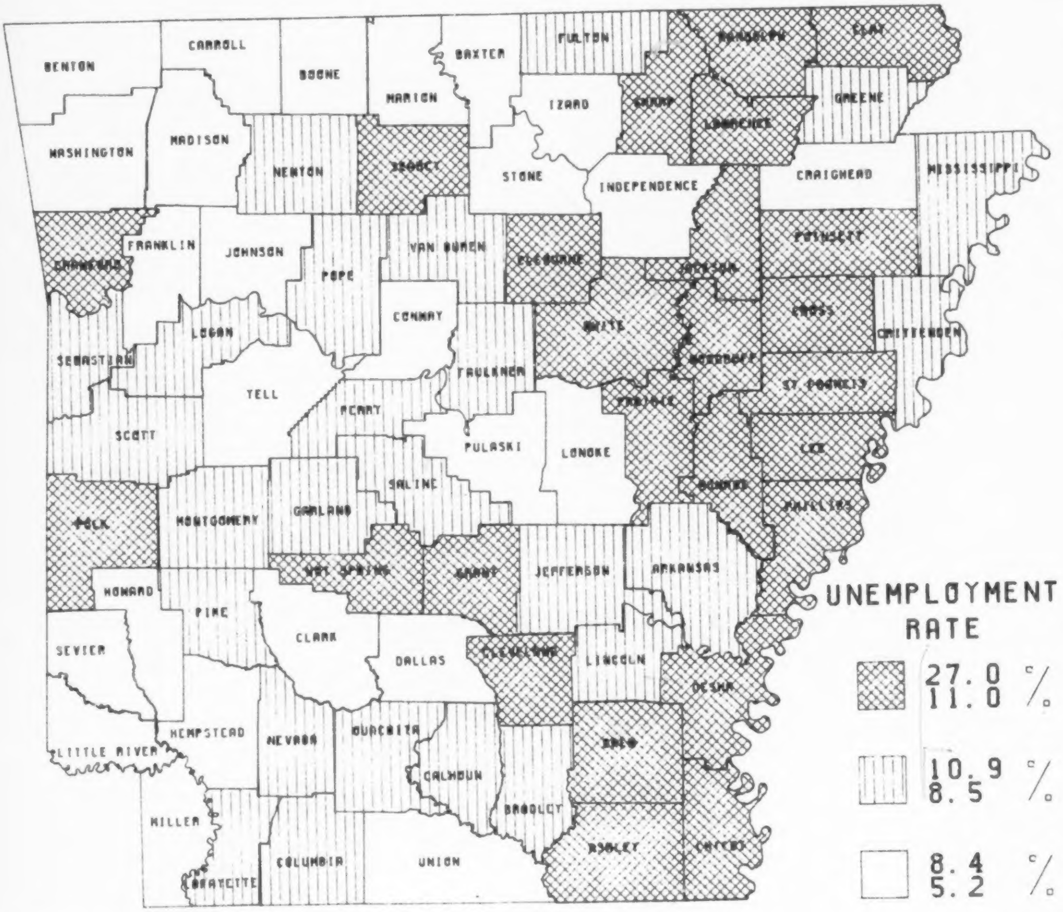
State and SMSA's	Civilian Labor Force	Unemployment Rate	Total Employment
UNITED STATES	110,308,000	9.8	99,543,000
STATE OF ARKANSAS	1,030,000	9.1	936,300
Fayetteville-Springdale SMSA (Benton & Washington Counties)	82,500	6.3	77,300
Fort Smith SMSA (Crawford & Sebastian Counties in Arkansas and LeFlore & Sequoyah Counties in Oklahoma)	87,500	10.5	78,350
Little Rock-North Little Rock SMSA (Pulaski & Saline Counties)	196,200	7.2	182,000
Pine Bluff SMSA (Jefferson County)	38,250	9.5	34,600

County	Civilian Labor Force	Unemployment Rate	Total Employment	County	Civilian Labor Force	Unemployment Rate	Total Employment
Arkansas	12,500	9.4	11,325	Lee	5,650	20.4	4,500
Ashley	10,675	11.2	9,475	Lincoln	4,125	10.9	3,675
Baxter	10,450	5.5	9,875	Little River	5,600	7.1	5,200
Benton	36,300	6.9	33,800	Logan	7,650	10.1	6,875
Boone	13,525	5.9	12,725	Lonoke	16,775	6.7	15,650
Bradley	4,900	10.2	4,400	Madison	6,150	7.3	5,700
Calhoun	2,600	8.7	2,375	Marion	6,525	5.7	6,150
Carroll	9,050	5.5	8,550	Miller	15,300	8.0	14,075
Chicot	7,250	16.2	6,075	Mississippi	26,525	9.8	23,925
Clark	10,450	7.2	9,700	Monroe	5,150	18.0	4,225
Clay	9,525	11.5	8,425	Montgomery	3,375	8.9	3,075
Cleburne	6,500	11.5	5,750	Nevada	3,950	10.8	3,525
Cleveland	1,900	14.5	1,625	Newton	2,550	8.8	2,325
Columbia	13,900	8.6	12,700	Ouachita	13,050	8.8	11,900
Conway	8,325	6.9	7,750	Perry	3,175	9.4	2,875
Craighead	30,925	8.3	28,350	Phillips	13,475	11.1	11,975
Crawford	16,700	11.4	14,800	Pike	3,900	10.9	3,475
Crittenden	23,125	9.3	20,975	Poinsett	10,400	13.0	9,050
Cross	9,025	13.0	7,850	Polk	6,225	12.4	5,450
Dallas	4,150	7.2	3,850	Pope	19,000	8.7	17,350
Desha	8,225	12.5	7,200	Prairie	3,950	14.6	3,375
Drew	8,000	11.6	7,075	Pulaski	169,300	7.0	157,400
Faulkner	22,800	8.7	20,825	Randolph	7,000	12.9	6,100
Franklin	6,875	7.6	6,350	St. Francis	12,900	15.9	10,850
Fulton	2,850	8.8	2,600	Saline	26,900	8.6	24,600
Garland	30,650	9.2	27,825	Scott	3,325	9.0	3,025
Grant	4,550	12.1	4,000	Searcy	2,925	13.7	2,525
Greene	13,900	8.5	12,725	Sebastian	42,150	9.4	38,200
Hempstead	11,325	7.3	10,500	Sevier	6,050	8.3	5,550
Hot Spring	9,725	16.5	8,125	Sharp	4,600	11.4	4,075
Howard	8,225	5.2	7,800	Stone	3,575	8.4	3,275
Independence	17,050	8.4	15,625	Union	23,600	7.8	21,750
Izard	4,375	8.0	4,025	Van Buren	3,900	10.3	3,500
Jackson	9,650	14.0	8,300	Washington	46,200	5.8	43,500
Jefferson	38,250	9.5	34,600	White	23,275	13.0	20,250
Johnson	8,475	8.3	7,775	Woodruff	5,000	27.0	3,650
Lafayette	3,625	9.7	3,275	Yell	8,250	8.2	7,575
Lawrence	8,225	13.4	7,125				

Source: The Research and Statistics Section, Arkansas Employment Security Division.

LABOR FORCE ESTIMATES
MAY 1983

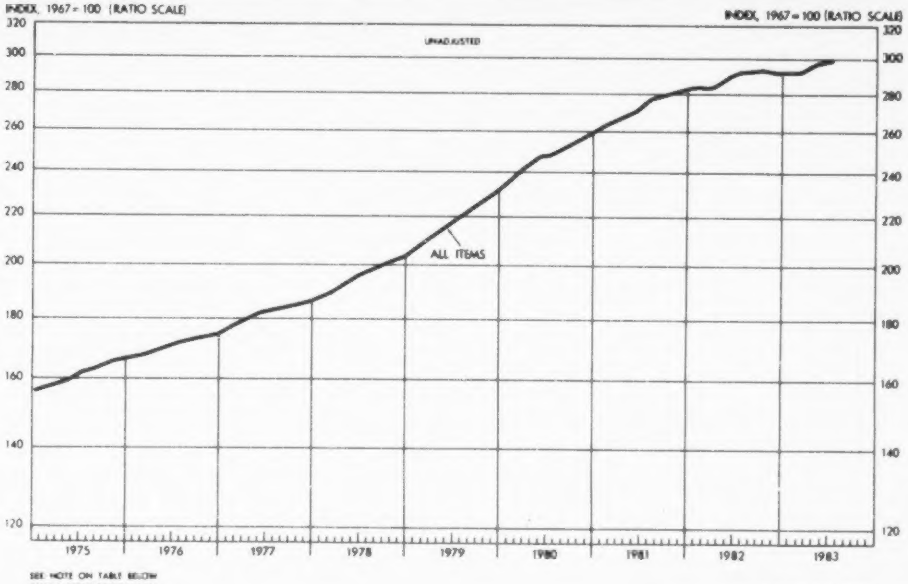
IN MAY, ARKANSAS' CIVILIAN LABOR FORCE GREW BY 10,000 TO TOTAL 1,030,000. UNEMPLOYMENT ROSE 1,900 TO TOTAL EMPLOYMENT INCREASED 8,100 TO TOTAL 936,300. UNEMPLOYMENT RATE AT TOTAL 93,700. OF THE 75 COUNTIES, HOWARD HAD THE LOWEST UNEMPLOYMENT RATE AT 5.2 PERCENT AND WOODRUFF THE HIGHEST AT 27.0 PERCENT. MOREOVER THE UNEMPLOYMENT RATES IN 39 COUNTIES EQUALLED OR EXCEEDED THE STATE RATE. FOR THE SMSAS, FAYETTEVILLE - SPRINGDALE HAD THE LOWEST UNEMPLOYMENT RATE AT 6.3 PERCENT AND FORT SMITH HAD THE HIGHEST RATE AT 10.5 PERCENT. THE RATES FOR THE LITTLE ROCK-NORTH LITTLE ROCK AND THE PINE BLUFF SMSAS WERE 7.2 AND 9.5 PERCENT, RESPECTIVELY.


BENTON
CARROLL
BOONE
MARION
BAXTER
FULTON
RANDOLPH
CLAY
IZARD
SHARP
LAWRENCE
GREENE
WASHINGTON
MADISON
NEWTON
SEARCY
STONE
INDEPENDENCE
CRAIGHEAD
MISSISSIPPI
CRAWFORD
FRANKLIN
JOHNSON
POPE
VAN BUREN
CLEBURNE
JACKSON
POINSETT
CONWAY
WHITE
CROSS
CRITTENDEN
SEBASTIAN
LOGAN
FAULKNER
WOODRUFF
ST FRANCIS
YELL
PERRY
PRAIRIE
SCOTT
PULASKI
LONOKE
LEE
SALINE
MONROE
PHILLIPS
POLK
MONTGOMERY
GARLAND
HOT SPRING
GRANT
JEFFERSON
ARKANSAS
HOWARD
PIKE
CLARK
SEVIER
DALLAS
CLEVELAND
LINCOLN
DESHA
HEMPSTEAD
NEVADA
OUACHITA
CALHOUN
DREW
LITTLE RIVER
BRADLEY
MILLER
COLUMBIA
UNION
ASHLEY
CHICOT
LAFAYETTE
UNEMPLOYMENT RATE
27.0 % 11.0 %
10.9 % 8.5 %
8.4 % 5.2 %

UNIVERSITY OF ARKANSAS
COMPUTER GENERATED MAP

CONSUMER PRICES

In July, the consumer price index for all urban consumers rose 0.4 percent seasonally adjusted (also 0.4 percent not seasonally adjusted). The index was 2.4 percent above its level in July 1982.



SEE NOTE ON TABLE BELOW
SOURCE DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1967 = 100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items [1]	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [4]	All items less food, energy, and shelter
			Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel [3]			
				Total	Renters' costs [2]	Homeowners' costs [2]	Maintenance and repairs								
	NSA					NSA	NSA								
Rel. imp. [5]	*100.0*	*19.0*	*37.7*	*21.3*	*6.9*	*13.9*	*0.5*	*8.4*	*5.2*	*21.8*	*3.5*	*6.2*	*6.0*	*12.4*	*47.3*
1975	161.2	175.4	164.5	169.7			187.6	167.8	142.3	150.6	127.6	170.8	168.6	176.6	149.4
1976	170.5	180.8	174.6	179.0			199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1			214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4			233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.[illegible]
1979	217.4	234.5	227.6	239.7			256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7			285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7			314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0			334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1982: July	292.2	287.6	318.4	342.5			334.7	350.3	192.2	294.1	198.0	393.4	330.5	416.7	246.7
Aug	292.8	286.9	319.7	344.0			335.9	353.1	192.7	295.3	199.2	395.9	333.4	418.9	247.7
Sept	293.3	287.5	319.3	342.3			338.4	357.5	192.8	295.6	199.6	396.0	336.3	421.0	248.7
Oct	294.1	288.1	320.5	342.6			339.4	362.7	193.3	296.4	199.2	395.4	338.7	426.6	250.1
Nov	293.6	288.2	319.9	340.7			339.0	367.1	193.2	296.0	198.7	394.2	341.8	430.2	250.7
Dec	292.4	288.1	317.4	336.0	100.2	100.0	337.8	369.6	192.7	295.8	199.3	391.2	344.4	431.3	251.9
1983: Jan	293.1	288.3	318.9	338.3	100.8	100.7	342.9	368.9	193.2	293.9	199.4	378.3	347.2	[6] 420.5	253.1
Feb	293.2	288.3	318.9	339.1	101.1	100.9	339.4	366.9	194.2	289.1	201.1	353.0	350.1	404.9	254.2
Mar	293.4	290.1	318.7	339.2	101.3	100.9	339.9	365.1	194.1	289.0	202.6	349.5	351.7	401.3	254.9
Apr	295.5	291.3	320.4	341.6	101.7	101.7	343.6	365.8	194.5	292.1	201.3	363.2	353.3	409.3	255.5
May	297.1	292.2	321.5	342.7	102.2	102.0	344.3	368.8	195.8	295.8	200.6	378.1	354.8	419.5	256.1
June	298.1	291.3	322.1	343.6	102.5	102.2	345.1	368.9	196.5	297.1	200.8	380.9	356.4	420.9	257.0
July	299.3	291.0	323.4	345.3	103.1	102.7	346.1	370.1	197.7	298.6	200.8	382.5	358.4	422.3	258.5

[1] Includes items not shown separately.

[2] December 1982 = 100.

[3] Includes direct pricing of diesel and gasohol beginning September 1981.

[4] Fuel oil, coal, and bottled gas; gas (piped) and electricity; and motor fuel, motor oil, coolant, etc.

[5] Relative importance, December 1982.

[6] Energy excludes motor oil, coolant, etc. beginning January 1983.

NOTE.—NSA indicates data are not seasonally adjusted.

Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Data beginning 1983 incorporate a rental equivalence measure for homeownership costs.

Source: Department of Labor, Bureau of Labor Statistics.

THE UNIVERSITY OF ARKANSAS—FAYETTEVILLE IS PLEASED TO ANNOUNCE AN ACCOUNTING MONOGRAPH SERIES

The University of Arkansas—Fayetteville has announced the inauguration of an Accounting Monograph Series. The series is intended to provide a means for publishing research studies equal in quality to, but of greater length than, studies published in *The Accounting Review* and other refereed journals.

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Volume 16, Number 3, 1983

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Tax Planning Developments
The New Tax Laws and Their Impact on Investments
Subchapter S—Revised and Improved
What's in a Name?: Company Name, That Is
Indexing Personal Income Taxes: The Pros and Cons
1983 Selected Arkansas and U.S. Economic Indicators

Arkansas Business and Economic Review

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2. Regional and industrial problems that have implications for the Arkansas economic community;
3. National business and economic issues of general interest to the people of Arkansas; and
4. Business and economic theory.

As a minimum, to be accepted for publication a manuscript must have literary value and the research upon which it is premised must have been conducted in a scientifically valid manner. Thereafter, the order of enumeration of the subject areas designates the system of priorities that will be applied in ascertaining the publishability of a manuscript. However, the system of priorities will not be applied in such a way as to completely exclude any of the four categories of articles.

Manuscripts should be submitted in triplicate and should be double spaced with each chart or graph prepared in ink (camera ready) on a separate sheet. Manuscripts and all inquiries should be addressed to Editor, *Arkansas Business and Economic Review*, Bureau of Business and Economic Research, College of Business Administration, University of Arkansas, Fayetteville, Arkansas 72701 (Telephone 501-575-4151).

SEASONAL VARIATION IN ARKANSAS FARM PRICES

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and

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The production and consumption of agricultural products are quite often systematically influenced by seasonal factors. This, in turn, causes the prices of these products to follow distinct seasonal patterns from one year to the next. In this paper the authors present the seasonal patterns for the major agricultural products of Arkansas and identify some of the major factors which cause these patterns.

Monthly price data from 1961 to 1980 were used to determine the seasonal price pattern for each of the eleven commodities included in this paper. These data were obtained from *Agricultural Statistics for Arkansas* and *Agricultural Statistics* for the entire U.S. and from the TDAM data base.[1] The farm products selected account for more than 93 percent of gross farm income in Arkansas. They were divided into two subsectors: crops and animals. The crop subsector included rice, soybeans, winter wheat and cotton. These four accounted for about 96 percent of farm income generated by crop production in Arkansas in 1981. The animal subsector included cattle, calves, milk, hogs, broilers, turkeys, and eggs. This subsector accounted for more than 90 percent of farm income from animal oriented production in the state in 1981.

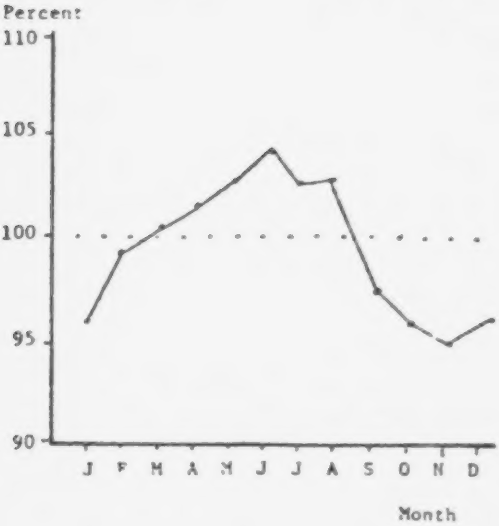
All prices were adjusted by the wholesale price index to remove the effects of inflation from the seasonal pattern. Each pattern is presented below in percentage form, where 100 percent represents the average price for the season. The price for each month is represented as a percentage of the season average price. For example, let the average price for a crop be, say, \$6.00. If the season low occurs in October and is 95 percent, then the normal seasonal low would be \$5.70. If the season high is in May and it is 110 percent, then the normal season high would be \$6.60. If the pattern for January is 103 percent, then you could expect a normal seasonal price of \$6.18 for January. It should be noted that while these patterns are "typical" seasonal patterns, prices in any particular year may not follow these patterns because of the effects of various exogenous factors.

The seasonal pattern for each commodity is presented below along with a brief discussion of the major factors influencing the pattern. The vertical axis for each commodity ranges from 90 to 110 percent. While the marketing year for most commodities does not correspond to the calendar year, the horizontal axes for all of the following graphs do correspond to the calendar year.

SOYBEANS

Soybean prices in Arkansas tend to follow a typical pattern for crops. The season high usually occurs sometime during the summer, prior to harvest, when the supply from the previous year's production is the lowest. The season low normally occurs just after harvest when supplies are greatest. From January through June, prices climb at a fairly constant rate. This steady rise largely reflects the cost of storing soybeans from harvest time until they are crushed into soybean meal and soybean oil. This also happens to be the period of the strongest demand for soybean products, and thus soybeans. Prices normally peak during late spring or early summer. In some parts of the country soybeans are harvested as early as September. As the harvest begins and supplies become bountiful again, soybean prices drop. The season low normally occurs during the September to December period.

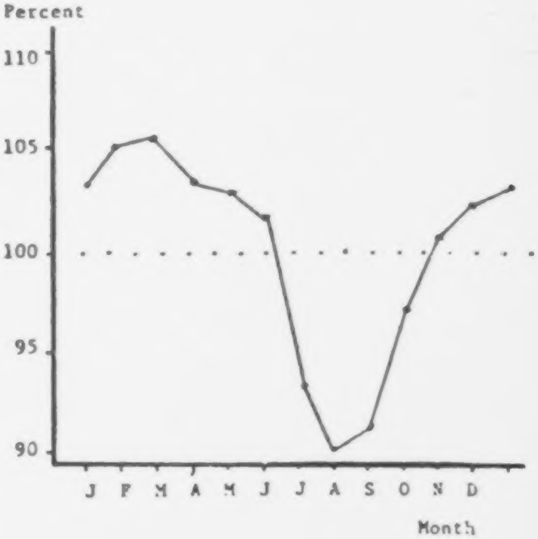
Figure 1. SOYBEANS:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



RICE

Rice prices in Arkansas follow an atypical pattern for a crop. The season high occurs a few months following harvest and the season low occurs just prior to harvest. The primary reason for this unusual pattern is that most rice mills in Arkansas shut down for about 30 days sometime during the June to August period, just prior to harvest. This period is associated with the end of the mills' marketing year. Since many mills are closed, the demand at the farm level subsides, leading to lower prices. The reason for the shutdowns is usually to make any repairs or adjustments needed for the coming milling season which begins as the rice crop is harvested in September and October. In addition, exporters of rice are idle at this time, waiting to see what the potential for the new crop will be. As the mills reopen and exporters begin to return to active bargaining, prices once again climb throughout the remainder of the year and into the next year. The season high normally occurs during late fall, winter, or early spring when milling and exporting activities are at their peak again.

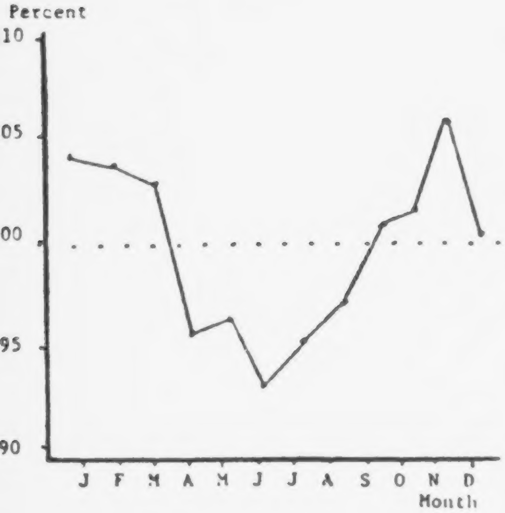
Figure 2. RICE:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



WHEAT

Winter wheat prices follow a more typical pattern for crops. Wheat production in Arkansas is confined almost exclusively to winter wheat. Planting dates generally fall between early September and late November. June is the month of greatest harvest activity in the state although nationally harvest normally runs from late May to August. The season low normally occurs between April and July, reflecting the greater supply on hand from the harvest. Just before planting, prices begin to rise due to the diminishing supply. The season high normally occurs during the November to March period as the supplies of both summer and winter wheat decrease.

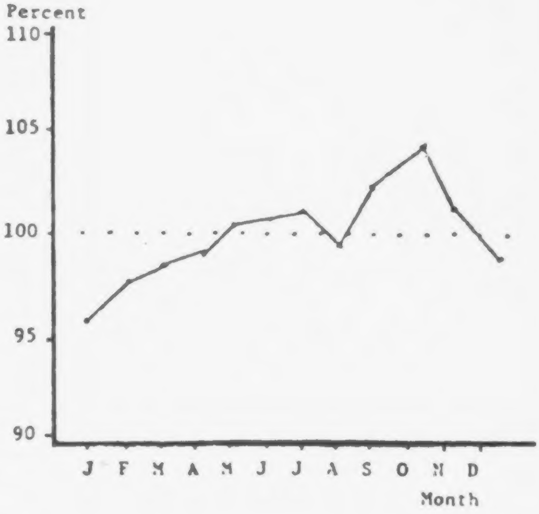
Figure 3. WHEAT:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



COTTON LINT

Seasonal cotton price fluctuations in the state follow a trend that is dictated primarily by consumption. During the first eight months of the year, consumption is fairly steady and supply is diminishing, which causes prices to follow an even upward pattern. In the fall, consumption increases as mills begin buying up the new crop. The most active harvesting time is in October and early November. The crop then goes to the gins where the lint is separated from the cottonseed. As the lint becomes plentiful and begins to leave the gins and move the mills, prices fall. The normal season low occurs just after the fall harvest and the season high occurs just prior to the harvest, again a typical crop pattern.

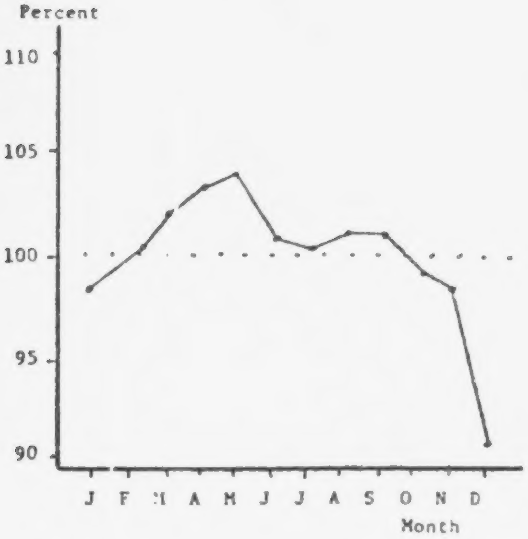
Figure 4. COTTON LINT:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



CATTLE

The primary factor behind the seasonal pattern in cattle prices is the availability of forage and the cost of feed. Cattle prices in Arkansas tend to drop off in the fall just before winter arrives. This is primarily due to the loss of forage as the cooler months arrive and summer pastures begin to die back. Rather than buy feed for the winter months, many farmers will sell some of their cattle prior to the start of winter. More cows are culled at that time of the year further contributing to the sudden drop in price. As the winter progresses and farmers are forced to buy more feed, cattle prices begin to climb. Prices will generally continue to climb until the spring pastures return. With the return of relatively inexpensive forage comes a drop in price. Prices will continue to drop until the fall sell-off.

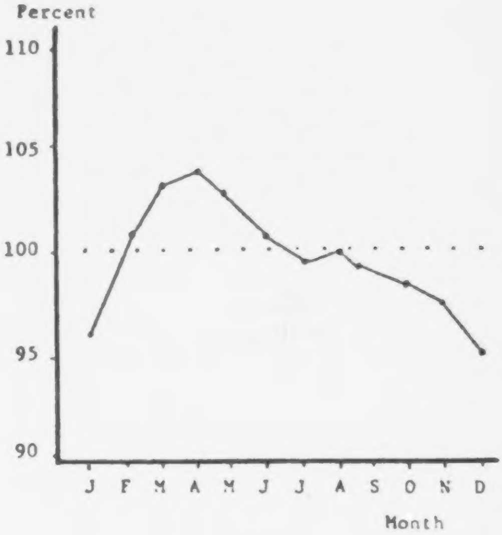
Figure 5. CATTLE:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



CALVES

The price pattern for calves is influenced by both the availability of forage and the calving season. Most calves are born in the spring. They will be kept on the farm and allowed to nurse and graze until fall when they will be sold to the feed lots in the plains states or else retained on the farm as either stocker or replacement cattle. Since most calves are sold in the fall prior to winter, prices are lowest during this period. Prices climb over the winter months as the calves are fed more expensive feed. Once again, as forage becomes available in the spring, prices fall.

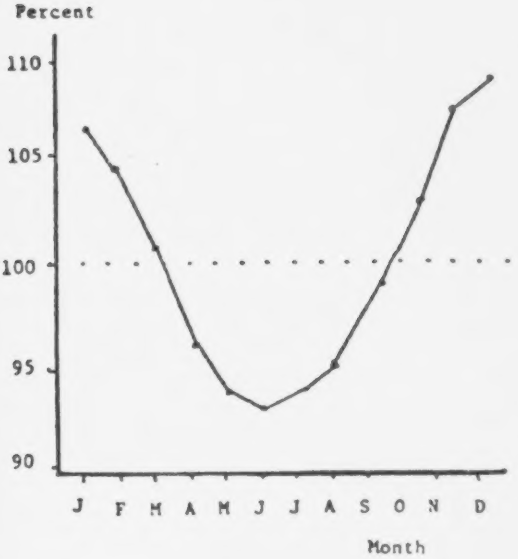
Figure 6. CALVES:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



MILK

The seasonal movement of milk prices is inversely related to supply. More milk is produced in the spring months because of better forage conditions that exist in April and May. Better and more abundant forage, coupled with warmer temperatures, lead to greater milk production during that time. The increase in production causes prices to fall in the first half of the year. As supply peaks (usually in May or June) prices fall to their lowest level of the year. Another factor also contributes to low milk prices in the summer. Demand is severely cut when schools are not in session. The absence of the school milk programs during the summer decreases the demand for milk, adding to the price decline. However, production decreases as the hot summer months continue: cows eat less, and thus produce less. At the same time, high quality forage becomes scarce, often forcing farmers to buy more feed. As feed costs to the farmer increase, so do milk prices. These increased costs along with the cut in production and the start of school account for the steady climb in milk prices during the last half of the year.

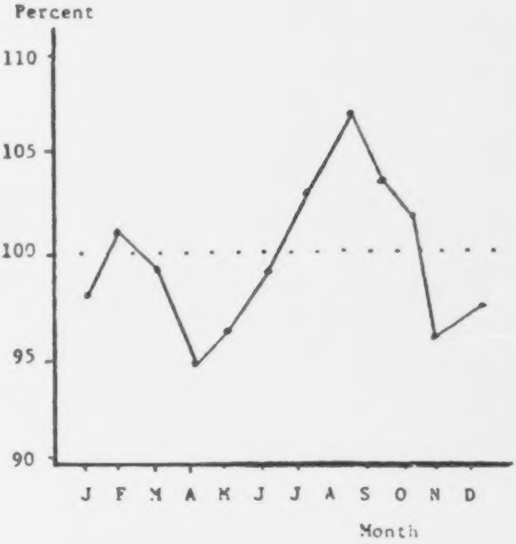
Figure 7. MILK:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



HOGS

Hog prices fluctuate in much the same way as calf prices do. The difference is that hogs farrow twice a year instead of once. The farrowing seasons are in the spring and fall. As the year begins, hog prices climb until barrows and gilts from the fall farrowing begin to enter the market. At that point, prices fall until market activity peaks, usually in April and May. Then, prices once again climb as market activity drops. Barrows and gilts from the spring farrowing are marketed during the late fall. As they enter the market prices once again drop.

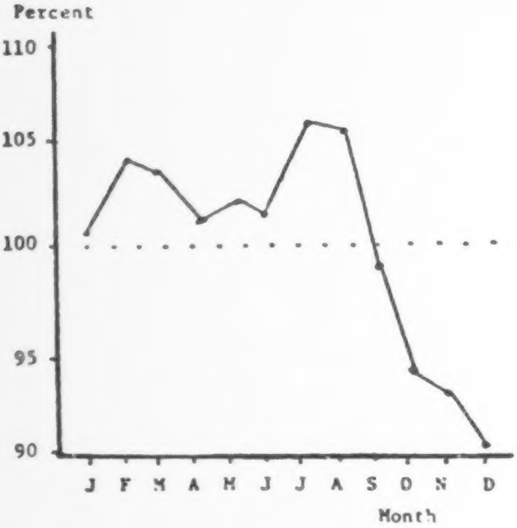
Figure 8. HOGS:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



BROILERS

Arkansas broiler prices follow a fairly stable pattern through the first three quarters of the year. Two peaks are reached during that period. A minor price peak occurs in late winter. This is caused by a slowdown in production. During the winter months, the young broilers are exposed to cooler than ideal temperatures which slows down their growth rate, consequently reducing broiler production. As temperatures warm up and production returns to a more normal rate, prices level off. The second peak comes during the late summer months and can be attributed to both an increase in consumption and to heat stress. The summer months are the times for activities such as picnics and barbeques. Such activities result in a greater demand for poultry and poultry products. At the same time that demand is increasing, production is again slowing down as the young birds experience heat stress during the summer. In the fall, broiler prices fall steeply. This can be explained by the holiday season (Thanksgiving and Christmas). Consumers, during the holiday season, decrease their chicken consumption and buy more turkey. That decrease in demand accounts for the severe drop in broiler prices in the late fall. Also, as cooler fall weather returns, broiler production again picks up.

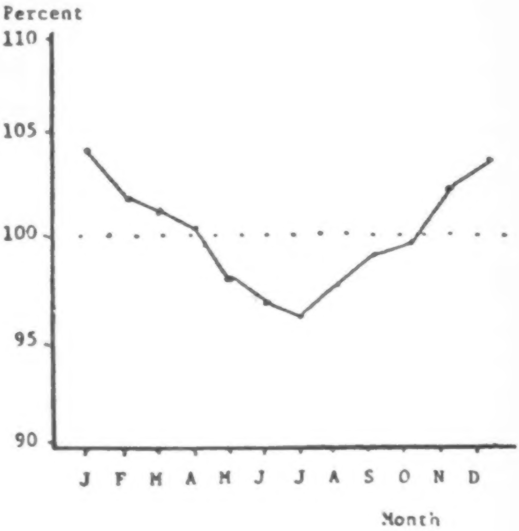
Figure 9. BROILERS:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



TURKEYS

Turkey demand is very seasonal. For the first half of the year, demand is very slow and prices drop consistently. An upswing begins near the summer's end, due largely to expectations of increased demand as the holiday season nears. The demand for turkeys increases dramatically during the Thanksgiving and Christmas Holidays. Turkey is a traditional holiday meal at that time with half of the turkey consumed during the year being consumed during the period. Prices follow a steady upward trend for the second half of the year, peaking in late December. As the holiday season ends, prices begin to decline again as demand subsides.

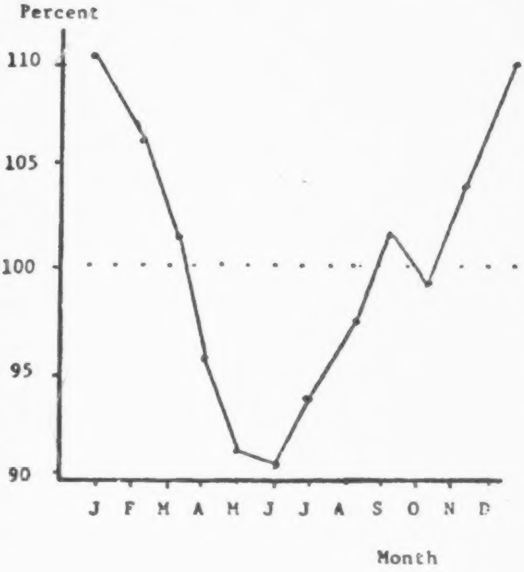
Figure 10. TURKEYS:
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



EGGS

Egg prices in Arkansas respond to swings in production and consumption. From January to March, production is usually increasing while consumption falls slightly. This results in a steady decline in prices. The decline ends around June as prices level off in response to lower production. A climb begins in the fall due to steady production coupled with some rise in consumption. Near the end of the year, production once again picks up. Prices then reach their peak and begin the downward trend during the spring.

Figure 11. EGGS
Seasonal Price Pattern of
Arkansas Prices
(Monthly price as a percent
of the season average price)



CONCLUSION

Seasonal production and consumption patterns are largely responsibe for the seasonal variation in farm prices. The typical seasonal pattern for crops includes a season-low price immediately following harvest and a season-high price sometime prior to harvest. The major factor affecting this pattern is the seasonal nature of production. Although not as important as the seasonality in production, seasonality in demand also plays a role in determining the seasonal price pattern for crops.

The seasonal patterns in animal prices are largely determined by supply-side phenomenon. For those animals which are capable of grazing on pasture land, the availablity and quality of that pasture land plays an important role in determining the seasonal price pattern. Prices tend to be lower when high quality pastures are available for animals to graze. As the availability of high quality pastures diminishes, prices increase. For those animals which cannot graze on pasture land, the seasonal pattern in production is the major factor determining the seasonal pattern in prices. There are two exceptions to the above: demand seasonality factors play a critical role in determining the seasonal price pattern for milk and turkeys.

Many factors affect farm prices. For example, severe droughts, unexpected embargoes, and government programs can cause prices to peak or bottom-out prematurely. Nevertheless, from one year to the next, farm prices do tend to follow the seasonal patterns presented above.

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[1] United States Department of Agriculture, Statistical Reporting Service, *Agricultural Statistics for Arkansas*, various issues; United States Department of Agriculture, *Agricultural Statistics*, various issues; TDAM is an automated data base maintained by the Economic Research Service of the U.S. Department of Agriculture.

TAX PLANNING DEVELOPMENTS

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INTRODUCTION

Quite apart from legislative action taken or contemplated by the Congress, a good many judicial and administrative tax changes were made in the year just ended. The purpose of this brief paper is to examine a few of those changes which may be of interest to businesspeople.

DEBT VS. EQUITY

The spectre of "thin incorporation" has haunted the business planner for decades, especially with respect to the closely held corporation. The deductibility of interest payments and the nondeductibility of dividend payments has long lent a bias toward the former as the preferred way for capitalizing the firm and for extracting cash from it without the burden of double taxation. The temptation to exchange old stock for new debt in a recapitalization designed chiefly to save taxes has often led the Internal Revenue Service (IRS) to reclassify the new debt as a disguised form of equity and to disallow the "interest" deduction.[1] This has especially been true when the so-called debt instruments possess characteristics of stock (e.g., no maturity date, no fixed obligation to pay interest) and/or the layer of debt is "large" in comparison with a layer of stock that is "thin."

The superabundance of cases dealing with this issue finally, in 1969, forced Congress to pass legislation urging the IRS to do something about the matter by writing regulatory guidelines to aid in distinguishing debt from stock.[2] The IRS approached the matter with care and, eleven years later, in 1980, formulated proposed regulations that explained the various factors it thought relevant (e.g., the ratio of debt to equity, the subordination of new debt to prior debt, the extent to which the new debt actually brought a new capital into the firm) in deciding whether a particular new issue should be regarded as debt or equity.[3] The proposals were followed by taxpayer complaints, revisions, and postponements of the effective data of any regulation. Late in 1983, the IRS withdrew its most recent attempt to regulate the area in what might appear to be an indication of its total disenchantment with the problem.[4] However, the silence that has followed may merely foreshadow another attempt at new regulations or a possible plea for Congressional help.

In a related move, the IRS undertook to clarify a relatively new financial instrument known as the "adjustable rate convertible note" (ARCN), that generally had been issued pursuant to the final version of the now withdrawn debt-equity regulations. Generally, ARCNs (1) are convertible into common stock of the issuer, (2) pay interest at the stock's current dividend rate, (3) are callable, and (4) mature at a value less than issue price and less than the value of the stock into which they are convertible. Originally thought to be a form of debt on which the interest would be deductible, the IRS has chosen instead to rule that ARCNs are equity for a variety of reasons chief among which is the high probability that they would be converted so that they do not truly represent a promise to pay a sum certain.[5]

INTEREST-FREE LOANS

For more than two decades, the IRS has pursued the interest-free loan and has sought to tax certain of its features. The IRS recently confronted a taxpayer who had received interest-free loans from a corporation that was wholly owned by the taxpayer and his family. Some of the loans were on open account; others were evidenced by written instruments; but all were taken by the taxpayer in lieu of salary for his job as company president.

Arguing that the president should be taxed on the economic benefit measured by the amount he would have been required to pay if he had obtained the loans elsewhere, the IRS lost primarily because the nonrecognition of this form of benefit seems to have become a firmly entrenched judicial precedent in no fewer than five circuits.[6] The rationale for this seems to be that if the foregone interest were income to the taxpayer, the same dollar amount should then also be viewed as a deductible taxpayer expense, so that the entries would cancel each other.

However, in this most recent case the taxpayer had maintained investments in amounts at least equal to the sum of the loans, in tax-exempt municipal securities. Interest on money that is borrowed and invested in tax-exempt securities is nondeductible under the Code.[7] This sets up the question whether or not one who invests interest free loan proceeds in nontaxable investments perhaps should be taxed on the foregone interest, for there presumably would be no offsetting deduction allowed to him or her because of the nature of the portfolio (municipals) into which the proceeds have been invested. In other words, no interest deduction would exist to cancel out the imputed interest income. Even so, the Court held for the taxpayer so that at least for the present the law remains the same.

As there seems to be no conflict between circuits, the next move of the IRS could be either to let the issue die; to seek to litigate the matter elsewhere in a circuit in which it has not lost (so as to provoke a possible conflict between circuits and create an opportunity to carry the issue on certiorari to the Supreme Court); or to turn to Congress for legislative aid.[8]

CLIFFORD TRUSTS

The so-called Clifford, or short-term, or ten-year, trust is a well known and often used arrangement for shifting income from a high bracket donor to a low bracket donee. An interesting use of the device was upheld during the past year in the Second Circuit.[9] There, a physician transferred his wholly owned medical building to a trust established for the benefit of his children and immediately leased back the premises for use in his practice. IRS questioned the deductibility of the rental payments, the amounts of which were based upon an independent appraiser's determination of fair rental value. It contended that the taxpayer actually had the same degree of control over the building both before and after the gift to the trust and that the taxpayer failed to show the gift and the lease of the building served any valid business purpose.

The Court found that the first contention simply was not so, as the independent trustee had been given broad powers that were no longer held by the taxpayer thereby emphasizing the importance of using an independent trustee in such a situation. The Court further found that no business purpose is necessary in a Clifford trust as Congress seems to have intended to set up an income shifting vehicle[10] that would have become unavailable to taxpayers whose assets are chiefly business properties (as contrasted with investment assets) if a so-called business purpose were required.

Several circuits have upheld the deductibility of rent paid under similar gift-and-leaseback arrangements though in doing so they generally have required the showing of a business purpose (e.g., that the transfer was to insulate assets from creditors or to minimize financial friction with partners).[11] However, the present case seems to have dropped the requirement altogether, thereby bringing new confusion and flexibility to this tax-planning device. The confusion results from a disagreement on the point among the circuits which could create an issue for the Supreme Court later to resolve. The flexibility results from advent of respectable authority that dispenses with the onerous business purpose requirement.

CONCLUSION

This paper has only hit the high points of a few of the recent tax changes. These events of the past year emphasize again that business tax planning has become an even more dynamic field than ever before.

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[1] Commisioner v. Schmoll Fils Associated, Inc., 110 F.2d 611 (2d Cir. 1940).

[2] I.R.C. § 385.

[3] Proposed Treas. Reg. § 1.385-1 et seq.

[4] 31 TAX. FOR ACCOUNTANTS 67 (1983).

[5] Rev. Rul. 83-98, 1983-28 I.R.B.

[6] Hardee v. United States, 83-1 USTC 9353 (F. Cir. 1983).

[7] I.R.C. § 265 (2).

[8] L. Metz, *"Where Do We Stand in View of the Federal Circuit's Decision on Interest Free Loans?"* 59 J. TAX. 134 (1983); *see*, 10 EST. PLANNING 262 (1983).

[9] Rosenfeld v. Commissioner, 83-1 USTC 9341 (2d Cir. 1983).

[10] I.R.C. §§ 671-678.

[11] 10 EST. PLANNING 311 (1983).

THE NEW TAX LAWS AND THEIR IMPACT ON INVESTMENTS

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INTRODUCTION

After considerable debate, Congress has reaffirmed President Reagan's tax measures and the third year of the tax cut program has now gone into effect. The tax cut has far-reaching implications, not only for the economy, but for all individuals. The measure still presents an opportunity for financial advancement for those who are far-sighted enough to take advantage of it.

This last phase of the tax cut is impressive, but the cumulative effect of tax savings to individuals is of utmost importance. The cut amounted to 25%, spread over three years. The savings are substantial. If you are a married taxpayer filing a joint return and you earn $60,000 per year, the cumulative savings will amount to $4510 per year.

At this time, let us review the implications of the tax measures in terms of the benefits to investors. If you (the investor) apply a bit of tax planning strategy, you can reap maximum benefits from the program. Many investors have not availed themselves of the opportunities available to them under the Economic Recovery Tax Act of 1981. These investors have their tax savings coming to them in the form of a little bigger check each pay period and they simply spend their savings — many without even realizing what they've spent their money on; a wise investor will recognize the opportunities presented him or her and make full use of them.

INDIVIDUAL RETIREMENT ACCOUNTS (IRAs)

A good strategy is to couple tax savings with IRA investments. Under provisions of the same tax act, individuals may contribute as much as $2000 per year to Individual Retirement Accounts (or $2,250 for individuals with a non-working spouse).[1] You may avail yourself of this provision, even if you are already covered by a qualified pension plan. By investing your tax savings into an IRA, you can reap large benefits. Assume that you take your tax savings and set them aside into an IRA account. If you're in the $60,000 income bracket, your savings are $4510. If you can earn 10% on your IRA, and you've thirty years before retirement, the savings are shown in Table 1.

Table 1

	Earnings	Tax Savings	IRA Deposits Per Year	IRA Accumulated Savings-30 yrs.
Single Taxpayer	60,000	4510	2,000	328,988
Married, Filing Jointly Spouse Unemployed	60,000	4510	2,250	370,111
Married, Filing Jointly Both Working	60,000	4510	4,000	657,976

Table 2

	Income	*Am't invested per year	**Accumulated savings-30 yrs.	IRA accumulated savings	Total 30 yrs.
Single Taxpayer	60,000	3430	564,214	328,988	893,202
Married filing jointly spouse unemployed	60,000	3295	542,011	370,111	912,119
Married filing jointly	60,000	2350	386,567	657,976	1,044,533

*Amounts from tax savings generated ($4510) minus amounts deposited in IRA's plus tax savings generated from IRA deposits.

**Assume 10% tax-free return on funds invested.

These figures alone are pretty impressive, but remember that one advantage of IRAs is that the money deposited into the account is tax-sheltered. Thus, if you earn $60,000 and deposit $4000 into an IRA, then you pay taxes only on $56,000. What this means is that IRAs will generate additional tax savings. If you take these additional tax savings and add them to the tax savings from Table 1, the results will be even better. (See Table 2)

It is obvious that a simple strategy such as IRAs, can mean substantial benefits to you as an investor. You can even borrow money to invest in an IRA, and deduct the interest cost of the borrowed funds on your tax return!

ALTERNATIVE MINIMUM TAX (AMT)

Also, rules governing "alternative minimum tax" have recently changed. The new alternative minimum tax is payable to the extent it exceeds the taxpayer's regular tax.[2] A flat tax of 20% on the amount by which the "alternate minimum taxable income" exceeds $30,000 is calculated (or $40,000 for a joint return). If that tax is greater than the regular tax for the year, the greater amount, reduced only by a limited foreign tax credit, is the tax liability for the year. The calculation of alternate minimum taxable income begins with adjusted gross income (AGI). Adjusted gross income is determined with no deduction for net operating losses. Deductions are made for selected itemized deductions, a modified net operating loss deduction, and certain amounts taken into income by beneficiaries of trusts.

Some of the selected itemized deductions for the AMT are exactly those allowed for the regular tax and subject to the same limitations: charitable contributions, casualty losses, estate taxes, and wagering losses to the extent of winnings. The others are subject (or adjusted) to different limits. Medical expenses are allowed only in excess of 10 percent of AGI (as compared to 5 percent for the regular tax). Only housing interest on loans used to acquire the taxpayers principal residence, and nonhousing interest, to the extent it does not exceed qualified net investment income, are deductible for AMT. Other itemized deductions, such as state and local taxes and excess interest provide no benefit if the AMT applies.

What type of planning must an investor do in order to avoid the AMT? Obviously the investor should continue to avoid incurring large capital gains in any one year unless he has capital losses to offset them. Or, he should report such capital gains income using the installment method, if possible. He should also avoid tax shelters in which most of the benefits originate from tax preference items. A final suggestion is that investors look at tax-exempt bonds as a more desirable investment opportunity. Because interest from tax-exempt bonds is not treated as a tax preference item, such interest remains free of minimum tax and therefore the bonds may produce a higher after-tax return than other "sheltered" investments with an equivalent stated yield. Though the recent experience with the Washington Public Power System default has raised many questions about investing in the municipal bond market, there are still many bonds with good yields available in the market. Perhaps, investors can deal with insured municipal bonds as an added protection against possibilities of default.

ORIGINAL ISSUE DISCOUNT (OID)

There are a number of other new changes in the tax laws. Some of these changes need to be kept in mind in financial planning.

The Tax Equity and Fiscal Responsibility Act (TEFRA) also overhauls the method of reporting OID resulting from bonds being issued at less than par value.[4] OID arises when bonds paying interest below prevailing market rates are issued, they are priced below par so that a buyer's net yield will equal the market rate. Under the old law, OID was deducted by the issuer and taken into income by the holder ratably over the bond's life.

TEFRA places bonds with OID on the same par as bonds paying stated interest at prevailing rates. Instead of attributing an equal share of OID to each month, the new law recognizes it based on a compound, stated annual interest. The following example helps to visualize the effects of TEFRA on OID:

Face	$100,000
Interest	11%
Term	4 years
Market yield	14%

Price to equate market yield	$ 91,260
OID	8,740
	100,000

Old law—8,740/4 years = $2,185
interest income per yr.

New Law—	$91,260	Price
	x 14%	Market yield
	12,776	
	(11,000)	Coupon interest
	$1,776	OID first year

OID recognized each year:

Year	Old Law	New Law
1	2,185	1,776
2	2,185	2,025
3	2,185	2,308
4	2,185	2,631
	$8,740	$8,740

Because OID is derived from expected yield, total interest recognized under this approach will not exceed that paid on a bond bearing interest at market rates. Under the old law, interest income in the first year would have been $13,185 as compared to the new law's first year interest of $12,776.

Interest resulting from OID will also be subject to the new withholding provisions, however tax-exempt securities are exempt from the OID and withholding provisions.

COUPON STRIPPING

TEFRA has also made changes in the area of coupon stripping. *Coupon stripping* is a term used to designate the practice of taxpayers being able to recognize losses by selling bonds after detaching the interest coupons.[4] The following example demonstrates how this technique works.

Company A owns a coupon bond for which it paid $100,000 which is now worth $90,000. If the bond is sold without the interest coupons, it will be worth $60,000. Since none of the cost of the bond is attributed to the interest coupons, a $40,000 loss would result if the bond were sold in the current year.

The new provisions in TEFRA affect coupon stripping in two ways. First the cost of the bond is required to be allocated between the bond and the interest coupons in relation to their fair market values. By doing this, any loss recognized on the disposition of the bond would represent a true economic loss rather than just a paper loss.

The second effect of the new rules is that once the bond has been allocated a portion of the purchase price, any excess of the maturity value over this new basis is then treated as OID. Therefore, the seller is again denied an artificial loss on disposal and in addition the buyer cannot defer the interest element of the bond provided by the discount.

GAINS ON SALE OF RESIDENCE[5]

Taxpayers may avoid taxes on the gain from the sale of a principal residence if a new residence is purchased within twenty-four months. The previous time limit was eighteen months. Also the one-time exclusion for taxpayers 55 years old and over who sell their homes has been increased from $100,000 to $125,000.

DIVIDEND REINVESTMENT PLANS

Shareholders in public utilities stocks may avail themselves of dividend reinvestment plans;[6] shareholders may take dividends in the form of new-issue stock and avoid taxes — $750 on single returns and $1,500 on joint returns. In order to fully exploit this aspect of the tax law, you may have to hold at least $7500 worth of utility stocks (or $15,000 worth of stocks for joint returns). These figures assume a 10 dividend yield on the stocks. Most electric utilities are eligible to participate in this plan. However, this plan is effective only till December 31, 1985. There is no tax on the dividends until you sell the stock. If you hold the shares for more than one year, the earnings are taxed at the long-term capital gains rate instead of the ordinary-income rate which applies to dividends.

CONCLUSION

There have been some major changes in tax laws as a result of the laws passed by Congress recently. The benefits to the investor who exploits the new features of the tax law are phenomenal. This article provides a quick overview of some of the key provisions of the tax law such as IRAs, Dividend Reinvestment plans, Alternative Minimum Tax, Coupon Stripping, Original Issue Discount bonds and real estate.

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[1] See Code Section 219 and 220.

[2] See Code Section 56(a), (c).

[3] See Code Section 1232, Reg 1.12 32-1.

[4] See Code Section 1232.

[5] Code Section 1034, as amended by P.L. 97-34.

[6] Reg. 1.305(e).

SUBCHAPTER S—REVISED AND IMPROVED

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INTRODUCTION

When a business operates using the corporate form of organization, its earnings are taxed twice. First, the corporation must pay the corporate income tax on its earnings (at rates ranging from 15 to 46 percent for years beginning after December 31, 1982) and, second, the stockholders must pay personal income tax on the corporate earnings distributed to them in the form of dividends[1] (at rates ranging from 12 to 50 percent for the calendar-year 1983). In 1958, Congress passed legislation to enable small, closely-held corporations to obtain the operating advantages of the corporate form of ownership without being subject to corporate double taxation.[2] That legislation created the Subchapter S provisions of the Internal Revenue Code.[3]

Basically, the Subchapter S provisions allow certain corporations to elect to be taxed as partnerships. The result of Subchapter S election is that the earnings of the business are allocated and taxed to the shareholders personally with no income tax imposed at the corporate level.

The following example illustrates the tax savings possible from a Subchapter S election.

> Frank Blair, an individual, is the sole stockholder of Blair Corporation. Assume that the company has taxable income of $100,000 for 1983 and wishes to distribute all of its earnings to Mr. Blair who has other taxable income that places him in the 50 percent marginal tax bracket. (Fifty percent of each additional dollar of taxable income will be additional tax liability.) The corporate and individual income taxes are shown below for this situation, with and without a Subchapter S election.

	With Sub S election	Without Sub S election
Taxable income	$100,000	$100,000
Corporate income tax	0	25,750[1]
Earnings to shareholder	$100,000	$ 74,250
Individual income tax	50,000	37,125
Net earnings to shareholder	$ 50,000	$ 37,125

Thus, by electing Subchapter S tax treatment, Frank Blair and his corporation can save $12,875 ($50,000-$37,125) in combined income taxes. Certainly, these tax savings represent a good return on a $100,000 pre-tax income.

SUBCHAPTER REVISION ACT

In the fourth quarter of 1982, Congress passed and President Reagan signed the Subchapter S Revision Act (SSRA) of 1982 which makes several significant changes in the rules applying to Subchapter S corporations. The following paragraphs discuss these changes as well as review some of the basic unchanged provisions. The changes will apply to tax years beginning after December 31, 1982, unless an earlier or later date is specifically indicated.

Stockholders and Stock

Under SSRA, the number of stockholders that a corporation can have and be eligible for the Subchapter S election was increased from 25 to 35; however, the requirement that no stockholder can be a non-resident alien or other than an individual, estate, or certain trust was retained.[5] Furthermore, SSRA modified the provisions that allowed only one class of stock. Now, stock may differentiate in voting rights as long as all shares continue to have identical rights as to the profits and assets of the company.

Subchapter S Election and Termination

The rule which terminated the Subchapter S election of a corporation whose gross receipts included passive income (dividends, interest, rents, royalties, for example) equal to 20 percent or more of total gross receipts was retained with certain changes. The passive income limit was increased to 25 percent or more of gross receipts. Corporations with passive income in excess of the limit will continue to be eligible for Subchapter S status as long as income tax is paid at the maximum corporate rate of 46 percent on the excessive passive income. However, the Subchapter S election will be terminated if passive income exceeds 25 percent of gross receipts for three consecutive years. The passive income changes are effective for years beginning after December 31, 1981.[7] Incidentally, the changes in the passive income rules may make it profitable for some real estate tax shelters to be set up as Subchapter S corporations.[8]

A Subchapter S corporation who fails to satisfy eligibility requirements will no longer have its election terminated retroactive to the beginning of the taxable year. Instead, the termination will be effective as of the date of failure to meet the eligibility requirements. Furthermore, any Subchapter S corporation whose election was terminated under the previous more restrictive rules can now make a new election without waiting five years and without Internal Revenue Service approval, as long as the new eligibility rules are met and the election is timely (within 2 1/2 months following the end of the previous tax year).[9]

The provision that terminated Subchapter S election if more than 80 percent of gross receipts were derived from foreign sources was repealed, and other significant changes in regard to the voluntary termination of Subchapter S status were enacted. The deadline for a voluntary termination of Subchapter S status was extended from the last day of the first month of the year for which the termination is to be effective to the fifteenth day of the third month. Thus, the timing of the Subchapter S election and voluntary termination is now the same.[10]

In addition, the voluntary termination of Subchapter S status now requires only the consent of stockholders owning more than 50 percent of the corporation's voting shares rather than the consent of all stockholders. New stockholders will no longer be able to terminate an existing Subchapter S election unless their acquisition involves more than 50 percent of the voting stock of the corporation.[11]

Taxable Year

SSRA provides that partnership rules generallly will apply to the selection of the Subchapter S corporation's taxable year. Thus, such corporations will be required to report on a calendar year basis unless a business purpose for some other fiscal year can be established and permission is secured form the Internal Revenue Service. Existing Subchapter S corporations reporting on a fiscal year other than a calendar year can retain their reporting status as long as there is no significant change in the ownership control of the business.[12]

Pension Plans and Fringe Benefits

Partnership rules will apply to pension

plans and employee fringe benefits. Any person owning 2 percent or more of the Subchapter S corporation's stock will be treated as a partner and denied certain corporate fringe benefits.[13] The benefits denied Subchapter S shareholders include: (1) the exclusion of the cost of up to $50,000 of group-term life insurance, (2) the $5,000 death benefit exclusion, (3) the exclusion, in certain situations, from income of meals and/or lodging furnished for the convenience of the employer, and (4) the exclusion from income of amounts paid by an employer to, or received from, an accident and health plan. A Subchapter S corporation in existence prior to September 28, 1982, can retain existing fringe benefits for five years so long as the passive investment income rules in effect prior to SSRA are not violated and a majority of corporate stock is not transferred. The application of partnership rules to Subchapter S corporation pension plans should not have a significant effect on the decision to elect or retain Subchapter S status, as the Tax Equity and Fiscal Responsibility Act of 1982 included provisions to put corporate and noncorporate pension plans on a more equitable basis.[14]

Special Tax Items

The new law (SSRA) increases the numbers of items which pass through their special tax characteristics from a Subchapter S corporation to its stockholders. Some of the more important additions in this category are gains and losses on the disposition of certain property used in the trade or business, charitable contributions, tax-exempt interest, foreign taxes paid by the corporation, and items involved in the determinatin of tax credits (basis of property for purposed of computing the investment tax credit, for example).[15]

CONCLUSION

In conclusion, the Subchapter S Revision Act has made the Subchapter S provisions of the tax laws more attractive, more available, and easier to retain. All closely-held corporations eligible for, and not currently using, this election should consult with their tax advisors as to the desirabililty of Suchapter S status.

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[1] A corporation that tries to avoid the second tax by refraining from declaring dividends can be subjected to the accumulated earnings tax (at rates of 27.5% and 38.5%). Furthermore, if a closely-held corporation attemps to avoid the double taxation by inflating the salaries of its stockholder-employees to the extent that little or no taxable income remains, the Internal Revenue Service can disallow a portion of the compensation deduction as unreasonable and treat the amount as dividends.

[2] The operating advantages referred to are limited personal liability, ease of ownership transferability, and continuous existence.

[3] I.R.C. Subchapter S, Sections 1361 thru 1379.

[4] The corporate rates for 1983 and subsequent years are 15% on the first $25,000 of taxable income, 18% on the second $25,000, 30% on the third $25,000, 40% on the fourth $25,000, and 46% on all taxable income in excess of $100,000. Thus, the corporate income tax for Blair Corporation would be computed as follows:

$25,000 x .15 = $ 3,750
25,000 x .18 = 4,500
25,000 x .30 = 7,500
25,000 x .40 = 10,000
$25,750

[5] I.R.C. Section 1361(b)(c)(d).

[6] I.R.C. Section 1361(c)(4).

[7] I.R.C. Section 1362(d)(3); SSRA basically retains the provision that, if a termination takes place, the corporation cannot make a new election within five years unless the Internal Revenue Service consents.

[8] *1982 Tax Guide*, Research Institute of America, New York, October 7, 1982, Volume 17, Number 46, p. 291.

[9] Research Institute of America, *Weekly Alert*, June 9, 1983, p. 173. Note, however, that the five-year waiting period or IRS consent to an earlier election rules still apply to corporations whose elections are terminated in a taxable year beginning after 1982.

[10] I.R.C. Section 1362(d)(1).

[11] Research Institute of America, *Weekly Alert*, October 7, 1982, p. 292.

[12] I.R.C. Section 1378.

[13] I.R.C. Section 1372.

[14] *Explanation of Tax Equity and Fiscal Responsibility Act of 1982* (Chicago, Ill.: Commerce Clearing House, August 1982), p. 61.

[15] I.R.C. Section 1366.

WHAT'S IN A NAME: COMPANY NAME, THAT IS

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Not long ago, when the new Bekaert manufacturing plant opened in Van Buren, the State of Arkansas quietly entered a new era. For what was probably the first time, a major foreign company built a plant in the State from the ground up. Bakaert and other such companies are bringing increased income to our people, but they also bring an obligation to learn more about foreign corporations and business practice.

One case in point is the company. Not the "Acme Products" type name, but the complete or legal name. Is it Acme Products, Inc., Acme Products, A.G., Acme Products, K.K., or what? Abbreviations at the end can tell us whether the firm is incorported and perhaps something about whether the stock of the company is widely traded. In the U.S.A., we all recognize the abbreviation *Inc.* as meaning that the organization is "Incorporated." There is nothing strange about being "incorporated" in the United States, or in most countries of the world. It is the means of 1) providing a legal entity apart from the individuals who are involved in an enterprise and 2) limiting their financial liability to some extent of their ownership. While this description of the corporation is widely accepted, some other aspects of it are not. For example, different perceptions exist concerning the number of persons involved. Some people outside the U.S.A. find it difficult to imagine a single person such as a movie actor being "incorporated." Another practice which is not too familiar in the U.S., is that of anonymous ownership of corporations. In some areas it is possible to purchase securities which are the possession of whoever happens to hold them, e.g., in the form of "bearer" bonds. It is easy to imagine both good and bad aspects of this practice, but for the present our concern is with its application to the concept of a corporation. We can find evidence of this idea of anonymous owners and the previously mentioned "group" version of the corporation in the languages of many countries. The shorter form for "Incorporated" in the name of a large company such as General Motors, Inc., in France would translate to General Motors, S.A. *S.A.* is the abbreviation for Societe' Anonyme, which looks suspiciously like "anonymous group" or "society." Even the German equivalent of General Motors, A.G. (Aktiengesellschaft or "Stock Association"), suggests the idea of more than one person.

In the U.S., to designate a more closely held corporation with only a few stockholders, e.g., a family business, we would still add "Inc.". In Germany this smaller company would be registered as Acme Products, G.m.b.H. (Gesellschaft mit beschrankter Haftung or "Association with limited liability"). For the same company, the French version would be Acme Products, S.a.R.L. (Societe a Responsabilite Limitee). Much of Central and South America follows the European style of describing the corporation as a group with limited liabilities. Thus, a Mexican company may be identified as General Motors, S.A. (Sociedad Anonima), and the Brazilian version as General Motors, S.A. (Sociedade Anonima). In the United Kingdom and Canada the term *Ltd.* (Limited) is used to designate both large public and more closely held companies, comparable to our use of "Inc." in the United States. In the Netherlands the major public firm would be shown as General Motors, N.V. (Naamloze Vennootschap), and the same designation used to describe the more closely held company as in the United States. The Japanese designate the larger company as General Motors, K.K. (Kabushiki Kaisha), and the more closely held firm as Acme Products,Y.K. (Yugen Kaisha).

Some countries use a combination of abbreviations or seem to allow a choice of certain conditions. Many Belgium firms appear to have this option thus we may be confronted with a real problem in trying to get Bekaert's correct designation. Is it S.A., N.V., or what? Fortunately this difficulty need not arise because the local plant appears to be part of a Bekaert subsidiary which is incorporated in the U.S.A., hence, we are almost back where we started. Or are we?

INDEXING PERSONAL INCOME TAXES: THE PROS AND CONS

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One of the more important and controversial pieces of legislation to come out of the current administration is the provision for indexing personal income tax, now scheduled to begin in 1985. Indexing is designed to protect taxpayers from being pushed by inflation into higher tax brackets while their real purchasing power remains static.

During an inflationary spiral, nomimal income tends to increase at a more or less comparable rate with inflation, but real income, the goods and services that can be purchased, remains unchanged. However, because of our graduated income tax, increases in nominal income put taxpayers in higher tax brackets, so that government revenues increase at a pace faster than inflation while personal income after taxes increases at a slower rate, if at all. Indexing will nullify this effect by increasing each tax bracket a percentage equal to the inflation rate during the previous year. For example, income between $16,000 and $20,200 will be in the 18% tax bracket in 1984. An inflation rate of 6% during the year would raise the 18% bracket to between $16,960 and $21,412 for 1985. Personal exemptions would also rise from $1,000 to $1,060.

The net result of indexing is that government revenues will not be increased by inflation alone. Nor will a taxpayer automatically pay a larger portion of his or her income in taxes through inflation.

Considerable controversy has developed over whether indexing should be repealed before 1985 because of huge deficits in the federal budget. Representative Dan Rostenkowski, Democrat of Illinois and Chairman of the House Ways and Means Committee, said of tax indexing, "Of all the obstacles in the path of economic recovery, none is so menacing—nor so seductive."[1] On the other side, Martin Feldstein, Chairman of the Council of Economic Advisors, said about indexing, "The long-term success or failure of Ronald Reagan's economic program is likely to hinge more on retaining tax indexing than on any other piece of legislation."[2] Even though the slowing of inflation may seem to make the issue less crucial, the massive federal deficit which will be widened by indexing will surely keep the question of repeal on the front burner.

A major argument for indexing of taxes is that it will help control inflation. Without indexing, inflation generates more tax revenue which in turn permits more government spending. Hence, Congress, always seeking reelection, will have a built-in incentive for policies promoting inflation, so the argument goes. Moreover inflation expectations would cause interest rates to rise thereby curtailing economic recovery and growth. Further supporting arguments are that bracket creep hurts incentives, a la Laffer, and that low income taxpayers would be most affected by bracket creep because tax brackets are narrower for lower incomes.

The major argument for repeal of tax indexing seems to be that the country just cannot afford it. The primary problem for the American economy today is the huge deficit in the federal budget. Indexing of taxes would further cut revenue and worsen the deficit. To the extent that financing the larger deficit is inflationary, it might be argued that indexing of taxes worsens inflation rather than controls it. Further supporting arguments for repeal are that Congress needs flexibility not rules to deal with the deficit. Congress has taken care of bracket creep by legislative action in the past and can do it again in an appropriate manner.

Indexing personal income taxes will impact on all of us, perhaps in more than one way. We can only hope that by better understanding the issue, we can facilitate better decisions by our elected representatives.

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[1] Dan Rostenkowski, "Repeal: A Big Step Toward Recovery," *New York Times*, March 6, 1983.

[2] Martin Feldstein, "Why Tax Indexing Must Not Be Repealed," *Wall Street Journal*, March 1, 1983.

1983 SELECTED ARKANSAS AND U.S. ECONOMIC INDICATORS

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ARKANSAS ECONOMY: Q-II, 1983

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The Arkansas economy is continuing to recover from the recession so that Personal Income for the year should reach somewhere near $21 billion. While Personal Income could even exceed the $21 billion mark, over an eight percent increase, the continued extremely poor economic condition of the agriculture sector and the continued high levels of unemployment would seem to make that unlikely.

Construction activity, both residential and nonresidential, showed strong increases in the second quarter. The rate of accumulation of net savings in savings and loan associations returned to a much more sustainable level than that of the first quarter but total lending activity accelerated. This latter development was due in part to declining interest rates and also to the pent-up demand for housing carried forward from prior periods.

Value added by manufacture improved slightly at midyear but total employment dropped to below the average annual levels of the previous four years. Arkansas River traffic also showed a slight decline at mid-year.

While the Arkansas economic outlook is definitely improving, the continued problems in the agricultural sector prevent the improved economic climate from prevailing throughout the state. Moreover, many locations continue to suffer from plant closings experienced in recent years. Even though some new industrial locations, as well as expansions, have been announced, many individuals who lost their jobs through closings continue to be unemployed because they lack the necessary skills for newly created jobs. As a result, both the numbers of unemployed and the unemployment rate may well continue to be high through 1984.

The national economy is forecast to improve throughout 1984 and the Arkansas economy should also improve. However, Arkansas' rate of growth is likely to be somewhat less than that of the nation, at least until agriculture recovers. Increases in interest rates in 1984 could have an adverse impact on the forest products and durable goods industries in the state but that impact may also be delayed until 1985. Overall, the outlook for 1984 is positive so that the year should see further increases in real per capita income with Total Personal Income rising to between $22 billion and $23 billion.

EMPLOYMENT

Base Year to Date and Quarterly Changes in Total Employment, Arkansas and United States

Seasonally adjusted, percent. Base Year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 38.7	+ 0.6	+ 2.3	+ 0.3	- 2.3
United States	+ 34.4	+ 0.0	- 0.6	0.0	+ 0.9

Employment by Major Industry Group in Arkansas, and Unemployment Rate, Arkansas and United States

Seasonally adjusted, units

Actual Rate, Percent

TIME PERIOD	EMPLOYMENT				UNEMPLOYMENT RATE	
	Wage and Salary		Agricultural	Total	Arkansas	United States
	Manufacturing	Nonmanufacturing				
1976	187,300	445,100	65,600	827,000	7.1	7.7
1977	208,900	483,400	62,800	876,000	6.6	7.1
1978	216,500	507,350	61,250	886,000	6.3	6.1
1979	217,750	526,700	65,800	926,000	6.2	5.8
1980	210,050	540,400	65,100	923,000	7.6	7.1
1981	212,100	536,150	64,100	936,000	9.1	7.6
1982	195,625	525,925	63,440	919,000	9.7	9.5
1983, Q-I	192,800	527,675	63,520	936,424	10.5	11.2
Q-II	200,000	526,790	62,490	914,530	9.1	10.0

PERSONAL INCOME

Base Year to Date and Quarterly Changes in Personal Income, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 389.2	+ 1.1[R]	+ 2.0[R]	+ 1.8[R]	+ 2.3
United States	+ 330.4	+ 1.1[R]	+ 1.5[R]	+ 0.4[R]	+ 2.2

Personal Income in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979[R]	1980[R]	1981[R]	1982[R]	1983
Quarter								
Jan-Mar	2,508	2,837	3,118	3,724	4,014	4,507	4,786	5,061[R]
Apr-Jun	2,667	2,948	3,208	3,759	4,002	4,606	4,811	5,181
Jul-Sep	2,626	2,984	3,315	3,859	4,169	4,800	4,866	
Oct-Dec	2,676	3,070	3,406	3,963	4,288	4,813	4,968	
Annual	10,477	11,839	13,047	15,305	16,473	18,726	19,431	

[R] -Revised based on BEA Computer Report, October 1983.

VALUE ADDED BY MANUFACTURE

Base Year to Date and Quarterly Changes in Manufacturing, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 294.1	- 0.5	- 2.3	+ 4.4	+ 1.2
United States	+ 44.3	- 0.7	- 2.1	+ 2.4	+ 4.2

Value Added by Manufacture in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978^R	1979^R	1980^R	1981^R	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	1,099.3	1,158.2	1,392.3	1,557.6	1,660.6	1,687.4	1,500.7	1,525.9	1,419.0
Apr-Jun	1,103.2	1,226.4	1,445.9	1,547.7	1,520.5	1,656.6	1,505.2	1,544.7	1,524.5
Jul-Sep	1,134.7	1,234.1	1,411.2	1,505.9	1,545.0	1,599.5	1,497.0		
Oct-Dec	1,103.1	1,248. 6	1,391.3	1,498.2	1,589.6	1,530.9	1,462.1		
Annual	4,440.3	4,867.3	5,640.7	6,109.4	6,315.7	6,474.4	5,965.0		

^{R}-Revised based on Table 1381, *Statistical Abstract of the U.S.*, 1982-83. pp. 770-771.

CASH RECEIPTS FROM FARM MARKETINGS

Base Year to Date and Quarterly Changes in Cash Receipts, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 242.9	- 9.2	- 3.5	- 13.8[R]	+ 19.4
United States	+ 231.1	- 0.8	+ 0.6	- 1.4[C]	- 0.6

Cash Receipts from Farm Marketings in Arkansas

Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	565,575	686,105	915,305	931,511	961,705	823,428	868,250	665,184[R]	553,900
Apr-Jun	740,457	703,457	705,441	719,506	658,942	909,757	881,841	794,478	587,846
Jul-Sep	621,624	578,357	760,304	762,307	879,485	1,011,547	800,923		
Oct-Dec	497,214	500,169	584,144	663,304	570,684	692,029	772,552		
Annual	2,425,367	2,468,088	2,965,194	3,081,628	3,070,816	3,436,761	3,323,566		

[R]-Revised based on adjusted Dept. of Agriculture Report.

[C]-Revised based on Economic Indicators, August 1983.

ACTIVITY OF ARKANSAS SAVINGS AND LOAN ASSOCIATIONS

Base Year to Date and Quarterly Changes in Activity of Arkansas S & L Associations

Not seasonally adjusted, percent (based on CONSTANT DOLLARS), Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982-Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Total New Loans	+ 667.6	- 4.5	+ 190.3	+ 64.1	+ 45.8
Net New Savings	+ 601.7	- 9.9	+ 674.8	+ 261.2	- 37.6

Economic Activity of Arkansas Savings and Loan Associations

Not seasonally adjusted, Thousands of dollars

TIME PERIOD	TOTAL NEW LOANS		NET NEW SAVINGS	
	Current $	1967 $	Current $	1967 $
1976	606,400	355,280	393,300	231,050
1977	815,800	448,590	405,000	223,492
1978	729,300	373,700	416,900	213,610
1979	625,900	290,560	436,830	204,525
1980	504,700	204,275	287,600	115,580
1981	360,800	132,970	20,000	7,240
1982	677,400	233,370	353,800	121,355
1983 Q-I	457,000	155,850	632,100	215,560
Q-II	675,000	227,300	399,400	134,500

WATERBORNE COMMERCE:
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM

Base Year to Date and Quarterly Changes in Total and Internal Tonnages

Not seasonally adjusted, percent, Base = Ave. Qtr. 1971

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Total	+ 106.6	+ 5.4	- 3.0	+ 6.2	- 7.2
Internal	- 32.3	+ 54.7	- 4.7	- 67.2	+ 12.9

Freight Traffic
Arkansas River Commerce

Not seasonally adjusted, Thousands of short tons

TIME PERIOD	TRAFFIC TONNAGES*			
	INBOUND	OUTBOUND	INTERNAL	TOTAL
1976	1,988	1,663	3,033	7,078
1977	2,841	2,339	3,463	9,138
1978	2,595	3,899	3,170	10,216
1979	2,026	3,456	2,932	8,926
1980	1,611	4,643	2,408	9,133
1981	1,564	5,684	1,741	9,446
1982	1,520	4,611	1,561	8,258
1983 Q-I	426	1,103	364	2,030
Q-II	512	888	411	1,883

*Total tonnage includes "through traffic"—shipments which originate and terminate outside the Arkansas River Commerce Area.

RESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 384.9	+ 13.1	- 3.0	+ 0.7	+ 41.1
United States	+ 429.2	+ 5.5	+ 2.2	+ 6.5	+ 48.9

Residential Construction Contracts in Arkansas

Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	116,379	160,861	220,739	205,119	144,050	176,180	115,590	205,650	185,200
Apr-Jun	117,164	173,558	236,915	153,917	137,600	159,750	153,850	239,450	261,300
Jul-Sep	122,732	182,210	227,633	193,364	177,450	138,360	174,250		
Oct-Dec	134,927	217,222	236,718	154,130	185,450	158,510	204,440		
Annual	491,202	733,851	922,005	706,530	664,550	632,800	648,130		

NONRESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-II	1982 Q-II thru 1982 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II
Arkansas	+ 152.4	+ 31.6	- 21.4	+ 22.8	+ 30.8
United States	+ 216.0	+ 5.0	+ 12.7	+ 4.4	+ 14.3

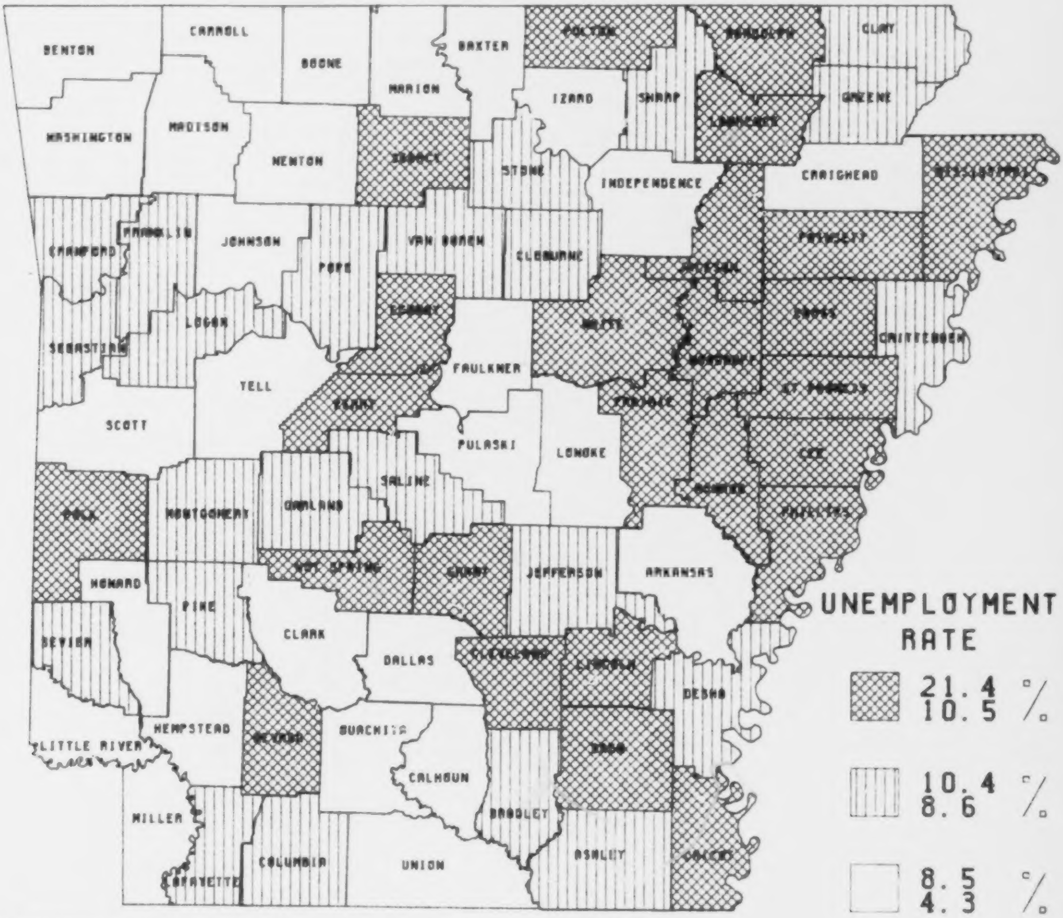
Nonresidential Construction Contracts in Arkansas

Not Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	43,591	57,486	72,851	88,988	72,300	90,500	96,300	69,500
Apr-Jun	93,906	63,726	60,479	109,976	91,200	72,700	54,700	90,900
Jul-Sep	67,913	67,632	90,471	70,296	91,900	59,400	72,000	
Oct-Dec	79,004	76,866	69,041	112,549	99,700	79,500	56,600	
Annual	284,414	265,710	22,842	381,809	355,100	302,100	279,600	

LABOR FORCE ESTIMATES
AUGUST 1983

IN AUGUST, ARKANSAS' CIVILIAN LABOR FORCE GREW BY 2,400 TO TOTAL 1,019,700. TOTAL EMPLOYMENT INCREASED 3,400 TO TOTAL 926,800. UNEMPLOYMENT FELL 1,000 TO TOTAL 92,900. OF THE 75 COUNTIES, MARION HAD THE LOWEST UNEMPLOYMENT RATE AT 4.3 PERCENT AND LEE THE HIGHEST AT 21.4 PERCENT. MOREOVER THE UNEMPLOYMENT RATES IN 42 COUNTIES EQUALLED OR EXCEEDED THE STATE RATE. FOR THE SMSAS, FAYETTEVILLE - SPRINGDALE HAD THE LOWEST UNEMPLOYMENT RATE AT 6.3 PERCENT AND FORT SMITH HAD THE HIGHEST RATE AT 10.1 PERCENT. THE RATES FOR THE LITTLE ROCK-NORTH LITTLE ROCK AND THE PINE BLUFF SMSAS WERE 7.8 AND 10.0 PERCENT, RESPECTIVELY.


BENTON
CARROLL
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MARION
BAXTER
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RANDOLPH
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GREENE
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WASHINGTON
MADISON
NEWTON
SEARCY
STONE
INDEPENDENCE
CRAIGHEAD
MISSISSIPPI
CRAWFORD
FRANKLIN
JOHNSON
POPE
VAN BUREN
CLEBURNE
POINSETT
JACKSON
CONWAY
WHITE
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SEBASTIAN
LOGAN
FAULKNER
WOODRUFF
ST FRANCIS
YELL
PERRY
PRAIRIE
SCOTT
PULASKI
LONOKE
LEE
SALINE
MONROE
POLK
MONTGOMERY
GARLAND
PHILLIPS
HOWARD
HOT SPRING
GRANT
JEFFERSON
ARKANSAS
PIKE
SEVIER
CLARK
DALLAS
CLEVELAND
LINCOLN
DESHA
NEVADA
OUACHITA
LITTLE RIVER
HEMPSTEAD
CALHOUN
DREW
MILLER
BRADLEY
COLUMBIA
UNION
ASHLEY
CHICOT
LAFAYETTE
UNEMPLOYMENT
RATE
▩ 21.4 %
10.5 %
▥ 10.4 %
8.6 %
☐ 8.5 %
4.3 %

UNIVERSITY OF ARKANSAS
COMPUTER GENERATED MAP

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LABOR FORCE ESTIMATES
August 1983, not seasonally adjusted

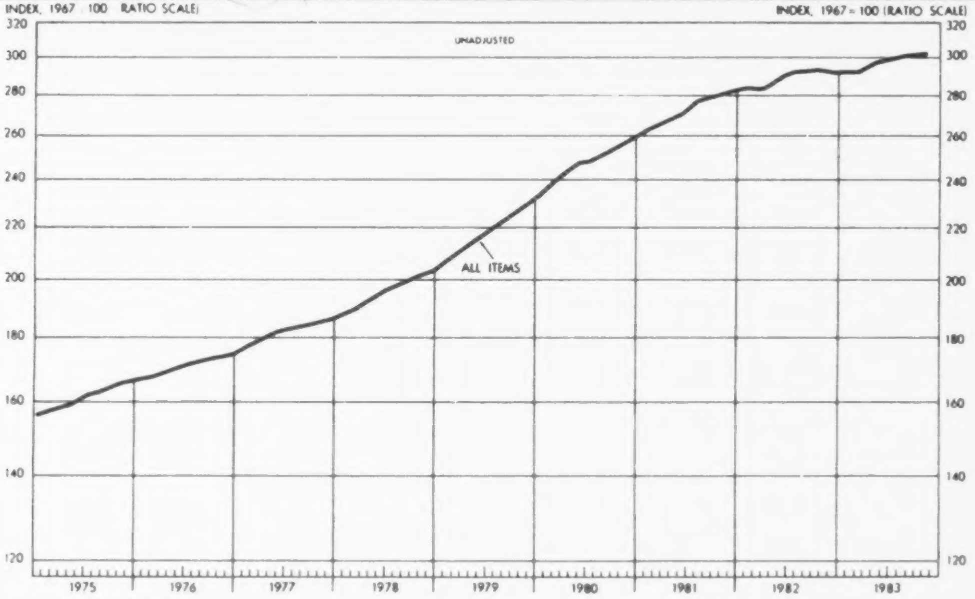
State and SMSA's	Civilian Labor Force	Unemployment Rate	Total Employment
UNITED STATES	113,578,000	9.2	103,167,000
STATE OF ARKANSAS	1,019,700	9.1	926,800
Fayetteville-Springdale SMSA (Benton & Washington Counties)	81,400	6.3	76,250
Fort Smith SMSA (Crawford & Sebastian Counties in Arkansas and LeFlore & Sequoyah Counties in Oklahoma)	85,900	10.1	77,200
Little Rock-North Little Rock SMSA (Pulaski & Saline Counties)	196,300	7.8	181,000
Pine Bluff SMSA (Jefferson County)	37,425	10.0	33,700

County	Civilian Labor Force	Unemployment Rate	Total Employment	County	Civilian Labor Force	Unemployment Rate	Total Employment
Arkansas	12,600	8.5	11,525	Lee	5,375	21.4	4,225
Ashley	10,625	9.9	9,575	Lincoln	4,050	10.5	3,625
Baxter	10,625	6.8	9,900	Little River	5,625	8.4	5,150
Benton	35,700	6.6	33,350	Logan	7,525	10.0	6,775
Boone	13,150	6.1	12,350	Lonoke	15,950	6.4	14,925
Bradley	4,875	8.7	4,450	Madison	6,075	7.8	5,600
Calhoun	2,650	7.5	2,450	Marion	6,400	4.3	6,125
Carroll	9,375	5.3	8,875	Miller	15,250	8.5	13,950
Chicot	7,225	13.5	6,250	Mississippi	26,000	10.8	23,200
Clark	9,500	8.2	8,725	Monroe	5,000	18.0	4,100
Clay	9,350	10.2	8,400	Montgomery	3,525	9.2	3,200
Cleburne	6,525	10.0	5,875	Nevada	3,950	10.8	3,525
Cleveland	1,700	17.6	1,400	Newton	2,900	7.8	2,675
Columbia	13,150	9.5	11,900	Ouachita	13,425	8.4	12,300
Conway	8,225	12.5	7,200	Perry	3,000	10.8	2,675
Craighead	31,150	8.5	28,500	Phillips	12,825	13.3	11,125
Crawford	16,100	10.4	14,425	Pike	3,925	10.2	3,525
Crittenden	22,875	9.2	20,775	Poinsett	10,200	13.2	8,850
Cross	8,825	10.8	7,875	Polk	6,375	13.3	5,525
Dallas	4,100	7.9	3,775	Pope	18,950	9.1	17,225
Desha	7,950	10.1	7,150	Prairie	3,850	12.3	3,375
Drew	7,700	10.7	6,875	Pulaski	169,525	7.6	156,575
Faulkner	23,500	8.4	21,525	Randolph	7,075	12.0	6,225
Franklin	6,700	8.6	6,125	St. Francis	12,875	16.3	10,775
Fulton	2,850	11.4	2,525	Saline	26,775	8.8	24,425
Garland	31,250	9.2	28,375	Scott	3,300	8.3	3,025
Grant	4,400	11.9	3,875	Searcy	3,075	12.2	2,700
Greene	13,675	9.0	12,450	Sebastian	41,000	9.3	37,200
Hempstead	11,075	7.0	10,300	Sevier	5,950	9.2	5,400
Hot Spring	9,825	15.3	8,325	Sharp	4,650	9.7	4,200
Howard	8,250	5.5	7,800	Stone	3,625	9.0	3,300
Independence	16,800	7.9	15,475	Union	23,500	8.2	21,575
Izard	4,325	7.5	4,000	Van Buren	4,025	9.9	3,625
Jackson	9,625	13.8	8,300	Washington	45,700	6.1	42,900
Jefferson	37,425	10.0	33,700	White	22,550	12.2	19,800
Johnson	8,250	8.5	7,550	Woodruff	4,675	16.0	3,925
Lafayette	3,500	8.6	3,200	Yell	8,075	6.8	7,525
Lawrence	7,725	11.7	6,825				

Source: The Research and Statistics Section, Arkansas Employment Security Division.

CONSUMER PRICES

In November, the consumer price index for all urban consumers rose 0.3 percent seasonally adjusted (0.2 percent not seasonally adjusted). The index was 3.2 percent above its level in November 1982.



SEE NOTE ON TABLE BELOW
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1967 = 100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items [1]	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [4]	All items less food, energy, and shelter
			Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel [3]			
	NSA			Total	Renters' costs [2]	Homeowners' costs [2] NSA	Maintenance and repairs NSA								
Rel. imp. [5]	*100.0*	*19.0*	*37.7*	*21.3*	*6.9*	*13.9*	*0.5*	*8.4*	*5.2*	*21.8*	*3.5*	*6.2*	*6.0*	*12.4*	*47.3*
1975	161.2	175.4	164.5	169.7			187.6	167.8	142.3	150.6	127.6	170.8	168.6	176.6	149.4
1976	170.5	180.8	174.6	179.0			199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1			214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4			233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.1
1979	217.4	234.5	227.6	239.7			256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7			285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7			314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0			334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1982: Nov	293.6	288.2	319.9	340.7			339.0	367.1	193.2	296.0	198.7	394.2	341.8	430.2	250.7
Dec	292.4	288.1	317.4	336.0	100.2	100.0	337.8	369.6	192.7	295.8	199.3	391.2	344.4	431.3	251.9
1983: Jan	293.1	288.3	318.9	338.3	100.8	100.7	342.9	368.9	193.2	293.9	199.4	378.3	347.2	[6] 420.5	253.1
Feb	293.2	288.3	318.9	339.1	101.1	100.9	339.4	366.9	194.2	289.1	201.1	353.0	350.1	404.9	254.2
Mar	293.4	290.1	318.7	339.2	101.3	100.9	339.9	365.1	194.1	289.0	202.6	349.5	351.7	401.3	254.9
Apr	295.5	291.3	320.4	341.6	101.7	101.7	343.6	365.8	194.5	292.1	201.3	363.2	353.3	409.3	255.5
May	297.1	292.2	321.5	342.7	102.2	102.0	344.3	368.8	195.8	295.8	200.6	378.1	354.8	419.5	256.1
June	298.1	291.3	322.1	343.6	102.5	102.2	345.1	368.9	196.5	297.1	200.8	380.9	356.4	420.9	257.0
July	299.3	291.0	323.4	345.3	103.1	102.7	346.1	370.1	197.7	298.6	200.8	382.5	358.4	422.3	258.5
Aug	300.3	291.6	324.2	346.6	103.6	103.0	347.9	371.1	198.4	301.6	202.5	387.1	360.3	425.4	259.7
Sept	301.8	292.5	325.8	348.4	104.3	103.5	346.6	373.6	198.4	304.1	204.5	388.9	361.7	428.2	260.9
Oct	302.6	293.9	326.6	349.8	104.7	103.9	351.1	373.1	198.4	305.9	205.9	387.1	363.0	426.6	262.4
Nov	303.1	294.3	328.1	351.2	105.1	104.3	353.4	375.9	198.5	306.4	206.0	384.1	364.4	426.6	263.5

[1] Includes items not shown separately.
[2] December 1982 = 100.
[3] Includes direct pricing of diesel and gasohol beginning September 1981.
[4] Fuel oil, coal, and bottled gas; gas (piped) and electricity; and motor fuel, motor oil, coolant, etc.
[5] Relative importance, December 1982.
[6] Energy excludes motor oil, coolant, etc. beginning January 1983.

NOTE.—NSA indicates data are not seasonally adjusted.

Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Data beginning 1983 incorporate a rental equivalence measure for homeownership costs.

Source: Department of Labor, Bureau of Labor Statistics.

Arkansas Business and Economic Review

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MARKET ESTIMATION OF COSTS: AN OBJECTIVE METHOD FOR ESTIMATING THE COSTS OF THE INLAND WATERWAY SYSTEM ASSIGNABLE TO THE NAVIGATIONAL INDUSTRY

Richard K. Ford
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INTRODUCTION

A national debate concerning user fees for the Inland Waterway System was initiated in earnest with the Congressional consideration of the "Inland Waterways Revenue Act of 1978" (Public Law 95-502 which was signed by President Carter in 1978). The original issue was: "Should a tax be levied on the beneficiaries of the Inland Waterway System?" The present stage of this continuing debate deals with how large a tax the inland waterway transportation industry should pay. In particular, the current debate is focused on determining an agreeable percentage of both operating and maintenance expenditures and Federal capital construction expenditures for the navigational function of the system.

Recently, the Reagan administration drafted a proposed bill for submission to Congress which would seek to recover 70 percent of those expenditures. In the past, similar drafts which proposed a 100 percent recovery of those same costs were considered.

The reduction in the recovery percentage rate is a quantifiably observable result of the political process as it addresses the "how large" question within this continuing debate. There are two points of interest concerned with the lowering of this rate: (A) the reasoning for reducing the percentage rate, and (B) the fact that both proposed rates, i.e., 100 percent and 70 percent, are applied to the same amount—the federal expenditures assignable to the commercial navigation portion of the Inland Waterway System. Both of the points are intertwined with the joint-product problem. There are, then, three aspects of the problem at hand:

1) The RATE REDUCTION rationale given by Mr. Gianelli (Secretary of the Army, Civil Works) for the reduction of the proposed rate of recovery from 100 to 70 percent is that consideration for the "... federal interests in a number of areas, including defense, national security, international trade, and a navigation infrastructure essential to the nation's economic well-being ..." is taken into account.

2) The AMOUNT against which the percentage rate of recovery is applied is the "Corps' expenditures for operation and maintenance, and capital construction" of the Inland Waterway Navigational System. The interesting facts here are that historical (or sunk) costs are included with future operating costs and that the magnitude of those expenditures has not been clearly established. In fact, the accounting of those expenditures is arbitrary, since the assignment of an expenditure to a navigation account is directed by Congressional guidelines. The tax burden could drastically change if the magnitude of the nav-

igation account shifts due to a different set of arbitrary guidelines.

3) The JOINT-PRODUCT problem occurs when two or more economic goods or services are generated from the same production process and the separation of input costs used to produce each of them is virtually impossible. In other words, there is no objective method to assign the costs of production to the different products. The typical solution to this problem is to derive a consistent (although arbitrary) method based upon non-cost related functions when assigning the input costs to the various outputs.

THE PROBLEM

The purpose of this paper is to set forth an objective method for better estimating the amount of federal expenditures required for the commercial navigation function of the Inland Waterway System. If this task can be accomplished, the debate relative to the percentage of the amount to be paid by commercial waterway users can be narrowed. First, however, one additional, and important, limiting condition must be established—namely, the construction costs of the Inland Waterway System are properly excluded from the recoverable federal expenditures for the navigational function assigned to the commercial users. Construction costs are not relevant because they do not represent current expenditure alternatives. The expenditures for the current operation and maintenance functions are competitors to other current public projects. The past, however, simply cannot be recovered. The reasons for excluding the construction expenditures have been set forth in an earlier research paper by this author *NAVIGATIONAL COST ALLOCATION—THE ARKANSAS RIVER EXAMPLE*, published by the Industrial Research and Extension Center of Arkansas, December 1982.

Excluding historical costs focuses attention on proposing an objective method for estimating the commercial navigation operating and maintenance expenditures of the federal Inland Waterway System. In the interest of consistency, the invention of a term to describe the last part of the preceding sentence is appropriate. Therefore, the term 'THE BASE' will hereafter mean "the commercial navigation operating and maintenance expenditures of the federal Inland Waterway System."

THE SOLUTION

The national debate concerning user fees levied on the Inland Waterway System's beneficiaries can be clarified if 'THE BASE' is known and the market system can accomplish this. One outstanding characteristic of the market system is its ability to make value-free decisions that are economically efficient. If private individuals owned the Inland Waterway System, the determination of the 'THE BASE' would not be necessary since the negotiations between the owner and the user would establish a market price without the requirement of an elaborate allocation system. In addition, since the market system is driven by the profit motive, one could be assured that the lowest costs possible would be attained. Although this may not be true at any specific point in time, the long run desire for profits in a competitive system makes sure that marketable services are produced at the lowest cost.

Given these desirable attributes of the market system, one may be encouraged to immediately transfer the entire ownership of the Inland Waterway System to the private sector. However, trade-offs (i.e., "costs") will be associated with such a transfer. In order to conceptualize the trade-offs associated with public versus private ownership of the Inland Waterway System, a schematic diagram is presented.

One could think about a line of some given length with one end labeled "private ownership", and the other labeled "public ownership". Movement along this continuum represents the ownership distribution of a production facility, or in this case, the portions of the Inland Waterway System which are privately and publicly owned. Currently, the majority of the inland waterway transportation system is owned by the Federal government, i.e., by the public sector. The observant reader will notice that the barges and pushboats which are part of this production facility are privately owned. However, the vast majority of the system is owned and operated by the U.S. Army Corps of Engineers, an agency of the U.S. Government.

TRADE-OFFS ASSOCIATED WITH THE OWNERSHIP OF PRODUCTION FACILITIES

Public Ownership	Private Ownership
	X
+ Socially Determined Goals	+ Economic Efficiency
+ Political Motive	+ Profit Motive

If a change in the proportions of ownership were considered, one could think of the "X" moving, either to the right or left, depending upon the character of the ownership change contemplated. Furthermore, the effects of such a change can be hypothesized based on economic principles. If a movement to the right were considered, one associated benefit would be improved economic efficiency, i.e., reduced costs to provide the production facility. It should be noted that the cost would be lowered, but the market price may or may not follow suit. Other factors, including government regulation of associated industries and the degree of competitive pressures affect posted prices. The accompanying trade-offs ("costs") would involve elimination of socially desirable services that are external to the market system. Some of these socially desirable services currently provided by the Inland Waterway System include recreation, environmental protection and flood control.

A solution to this dilemma is to contract with business firms for the separate functions of the Inland Waterway System. If the System's transportation function were segregated and assigned to the private sector in sufficiently large blocks of both river mileage and time, a controlled transfer of responsibility could be accomplished to take advantage of the market system's benefits while maintaining the socially desirable services mentioned earlier. In particular, the task of maintaining and operating the navigational function for segments of the Inland Waterway System could be transferred to private business firms. Obviously, specific contract provisions would have to be established to ensure that the job is adequately accomplished. However, if only the navigational specific functions were transferred, the private sector contractor would be unwilling to perform any task that was not required by the contract. This cost separation method would remove arbitrary, nonmarket decisions from the government's estimate of 'THE BASE'; that is, an objective method for estimating the navigational expenditures of the system would be established.

One means of implementing this proposed method is to contract for the operation and maintenance of specific sections of the Inland Waterway System for a limited period of time. For example, the stretch of the Arkansas River Navigational System from the Mississippi River to Little Rock could be assigned to a private firm for five years. That firm would be responsible for maintaining and operating the system for all matters necessary to accommodate commercial navigation. Much of such system maintenance is currently performed by private contractors. Increasing the scope of such contracts would allow private firms to take advantage of any economies of scale that may be present. In addition, private firms would be driven by the profit motive to reduce "overhead" to a bare minimum. Should cost reductions be achieved by this method, as compared to the current Corps of Engineers' system which does not operate by the profit motive, these savings would be observed as reduced bid prices.

CONDITIONS AND LIMITATIONS

The national debate concerning user fees for the inland waterway industry can be clarified by objectively estimating 'THE BASE'. However, such solutions are not without limitations and shortcomings. In particular, two important concerns need to be discussed.

First, contracting for the navigational operating and maintenance function will only assist in objectively estimating 'THE BASE'. Caution must be exercised with this proposed method in order that only the navigational function is contracted. To ensure that extraneous contract requirements are not included, the navigational industry, i.e., the commercial users, should be consulted when establishing the parameters of the navigational function of the Inland Waterway System which are to be specified in the contract. If the navigational industry is provided an opportunity to assist in developing the contract requirements, not only should the contract be better defined, but some sense of "fairness" concerning 'THE BASE' may also be established. From a practical point of view, it seems logical that since the members of the commercial industry will be required to pay for the operation and maintenance of the system, they should also be given a voice in the process of establishing the amount of maintenance and the level of operation that will be provided.

Even though the contract method should lower 'THE BASE' as compared to its current level due to the introduction of a profit motive and whatever economies of scale may be available, the rate question remains open. That is, a 100 percent rate of 'THE BASE' will still produce an erroneously high recovery charge. This is due to the fact that the economic joint product problem is unresolved. The operation and maintenance of the navigational system will inevitably produce conditions favorable for other beneficiaries. In order to prevent the non-navigation beneficiaries from becoming recipients of the navigational industry's tax revenues, that is, "free-riders", a judgmental process will still be required concerning the appropriate percentage rate of 'THE BASE' to charge the inland waterway industry.

CONCLUSIONS

The national debate concerning user fees for the commercial beneficiaries of the Inland Waterway System is currently focused on determining an appropriate total amount to collect. The debate centers on levying various percentage charges on commercial and navigational users against a base figure; that is, some percent of a dollar amount will yield the total revenues to be collected from the inland waterway navigational industry. Only the percentage portion of this equation seems to be currently debated. This paper suggests that the base figure should be more closely examined. The base figure as considered herein has been defined as "the operating and maintenance federal expenditures of the Inland Waterway System which are required for its commercial navigational function."

The reason for including 'THE BASE' within the national debate is that the Inland Waterway System contains a classic "joint product" economic problem. That is, it is very difficult to objectively assign input costs to the various outputs. Currently the U.S. Army Corps of Engineers attempts to do this through an elaborate accounting system based on subjective weights. However, the rules and guidelines of this system are arbitrary. This accounting-allocating system produces consistent but never-the-less arbitrary figures which do not accurately reflect the true costs of commercial and navigational uses of the Inland Waterway System.

In an attempt to objectively estimate 'THE BASE', this paper outlines some of the consequences of employing the market system as an alternative to the current method. In particular, the operation and maintenance of the navigational function of the Inland Waterway System could be contracted to the private sector in an effort to objectively estimate the dollar amounts. It is suggested that if only the navigational portion of the operation and maintenance of the Inland Waterway System were contracted to private industry, an objective method for estimating the base could be achieved. This does not solve the joint-product problem, but simply establishes an objective estimate for the base. The appropriate proportion (or rate) of this base figure which is properly assignable to the navigational industry must be subjectively solved within the political process.

This paper, although restricted to an outline of the problem, has attempted to conceptualize one possible solution—the market system. Numerous empirical approaches require extensive investigation before the contracting solution presented herein could be appropriately pursued. However, this paper's primary aim is to suggest that an objective estimation of the base figure be explored before continuing the national debate concerning inland navigational user fees.

CAFETERIA BENEFIT PLANS: ARE THEY HERE TO STAY?

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INTRODUCTION

Over the last five years, employee non-wage benefits have accounted for 30-35 percent of total employee costs. Some analysts predict that in 1985, these non-wage costs could approach 50 percent of total employee costs.[1] Company executives faced with these rapidly escalating costs are turning their focus to cafeteria style packages which give employees the option of choosing their own fringe benefits. Corporations express confidence that utilizing flexible benefit (flex) plans will allow them more control over rising costs as well as eliminate some of the obsolescence. An example of obsolescence in traditional benefits packages (i.e., medical/life/disability insurance, vacation/sick leave, some type of retirement plan) concerns the two-career couple, where each is forced by their respective employer to subscribe to health insurance. A more workable approach might be for one spouse to take health coverage for both and the other to expand another benefit area.

Additional interest in cafeteria style benefits is centered around the issues of employee retention and recruitment. Officials of some companies are hopeful that greater sensitivity to the demographic and social changes that have occurred in the last 50 years will inspire employee loyalty and long-term commitments to the corporation. The changes, referred to above, encompass such lifestyle changes as 1) an increased emphasis upon leisure; 2) a higher divorce rate; 3) a greater incidence of second marriages, creating aggregate or conglomerate families; 4) a larger number of working wives/women; 5) a larger number of single parent families; and 6) more childless couples, to cite a few. Such changes in the basic family unit (usually defined as a working father, stay-at-home mother and 1 or more children) have impacted upon many employers. For example, more and more working parents are insisting that child care services be provided at (or by) the workplace. In order to accommodate the increasing demands of employees, many companies are considering the flex plan as a method to meet these demands and to contain costs at the same time.

A MODEL FLEXIBLE BENEFIT PLAN

The typical flexible benefit, or cafeteria, plan allows each eligible employee the opportunity to spend his/her employee contribution as he/she wishes. This approach conspicuously contrasts with the traditional benefit plan, which has relatively inflexible contribution limits and usually a fixed number of options. Of course, cafeteria plans also widely vary. Some limit the choices to just a few coverages, while others allow choices among certain forms of deferred compensation, additional retirement income, tuition assistance, increased vacation allowances, and other types of financial assistance. The most liberal cafeteria plans allow employees who do not use the full range of their benefit allowances to receive the difference in cash.[2] Table 1 presents a typical variety of choices or menu listing benefits from which an employee may select those he/she needs or wants.

Table 1.

Benefit	Monthly Cost
Employee & Dependent Health Insurance	$60
Employee Dental Insurance	10
Dependent Dental Insurance	20
Long Term Disability Insurance	25
Accidental Death Insurance	5
Group Life Insurance	20 to 40
Vision Insurance	5
Vacation	2 weeks pay

Source: Personnel Journal. Flexible Benefits Are a Key to Better Employee Relations. Jan. 83 (50).

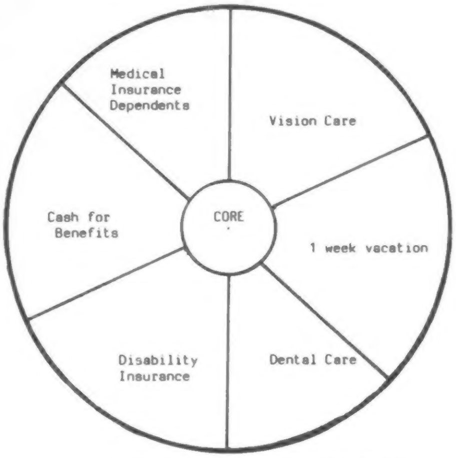
ALTERNATIVE FLEXIBLE BENEFIT PLANS

The flexible benefit plan described in Table 1 is a hypothetical one. Companies obviously create differing plans which suit their budgets and the needs of their employees. A discussion of three rather typical modifications is presented below.

I. Figure 1 provides an example of how a benefits package may be presented. Notice that the central area is the core, which represents a minimum level of benefits an employer must offer and the employee must accept. These constitute the traditional elements of fringe benefits. After acceptance of the core, an employee has the option to select any of the other benefits offered in any amount, up to the maximum contribution set by the employer. If an employee's selections exceed the contribution limit established by the company, he/she must pay the additional cost.

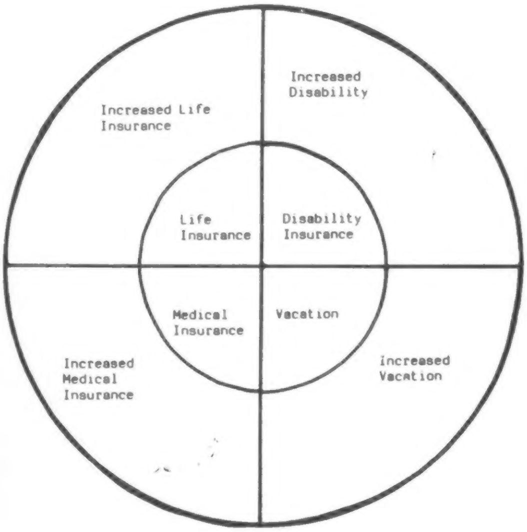
II. Figure 2 illustrates the second alternative. In this instance, the employee maintains those benefits he/she had under a traditional plan, i.e., medical, life and disability insurance and vacation. Flexibility instituted under this alternative allows employees the option of decreasing coverage in any one area and transferring it to another. For instance, the employee might opt to reduce medical insurance to the minimum allowed and transfer the difference to vacation thereby increasing that benefit. Such alterations restrict the employee to a limited menu, while allowing broader purchasing power in any one category.

Figure 1


Medical
Insurance
Dependents
Vision Care
Cash for
Benefits
CORE
1 week vacation
Disability
Insurance
Dental Care

CORE: Medical Insurance - $20 Monthly
Vacation - 1 week
Group Life Ins. - $20 Monthly
Social Security - Rate set by Congress

Figure 2


Increased Life
Insurance
Increased
Disability
Life
Insurance
Disability
Insurance
Medical
Insurance
Vacation
Increased
Medical
Insurance
Increased
Vacation

III. The final example is one that allows custom benefit packages for specific groups of employees within the organization. One menu might be aimed at single career women, one structured for childless couples, another for single parents, still another for two career families, etc. The employee is restricted to only one benefit package; that is, he can only order from one menu. Under this approach, each package carries an identical price tag. If contributions are required, all employees would be assessed equally, depending upon options chosen.[4]

HISTORICAL PERSPECTIVE AND CURRENT STATUS OF FLEXIBLE BENEFIT PLANS

In 1969, a cafeteria plan was initiated by the TRW Company of Minerva, Ohio. The company offered employees an extra five cents an hour which could be used to purchase additional benefits or could be taken as cash. Although the idea was accepted by TRW employees, their union opposed the option, primarily because fringe benefits constitute an important element in contract bargaining.[5]

In 1978, American Can Company became the first major corporation to fully adopt a comprehensive flexible benefit plan. Fifty-one percent of American Can's employees chose the flex plan; younger workers, those under 45 years of age predominated in this group. Forty-nine percent elected to stay with the traditional (pre-flex) plan; this group was primarily made up of older workers, those over 45 years of age. Overall, the management at American Can Company has expressed enthusiasm about their cafeteria plan.

Northern States Power Company of Minneapolis, Minnesota, is another company reporting success with flexible benefit plans. In fact, managers at this company have indicated that their cafeteria plan has been optimistically accepted throughout the organization.[6]

Flex plan packages are relatively new and involve innovative concepts which seem to be gaining the attention of employers across the nation. Acceptance of such plans will come as employees recognize the need for broader coverage and demand changes in fringe benefits. Employers, on the other hand, may turn to the flex plan option as a method of adapting to societal changes, maintaining employee morale, and attracting more qualified, loyal workers.

The success of cafeteria plans has been commented upon by Stanley Howe of Herwith Associates in Chicago (a consulting firm involved since the 1970s in implementing flex plans) who stated "... the very fact that none have changed their minds after putting a flexible plan into effect is evidence that they are working effectively in meeting the organizational goals that were articulated prior to the plan's being adopted."[7]

In the decade of the 1970s, flexible plans were introduced primarily within industrial companies. In the 80s, utility companies, banks and municipalities have also begun to adopt such plans. It seems apparent that adoption of cafeteria plans may skyrocket in the late 80s and on into the 90s.

FLEXIBLE BENEFIT PLANS & TAXATION

Important factors which affect cafeteria plans are the Federal laws that deal with the taxation of such plans. Employees who select benefits that are not subject to income taxes are, in essence, getting more withholding benefits than is available with cash incentives which are subject to the progressive income tax rates as well as the FICA tax.[8]

Although the first classification of cafeteria plans was included in the 1974 Internal Revenue Code, Section 125, details of the taxability of flexible benefit plans were vague and thus confused many employers as to which contributions were fully deductible. The Revenue Act of 1978 also addressed flex plans; but again the rules of eligibility of benefits were very ambiguous, causing many employers to be wary of establishing a flexible benefit plan.

While some employers are wary of Section 125 of the Internal Revenue Code (IRC), others have accepted the meaning to include any type of benefit they desire in the plan and presume these benefits nontaxable.

Section 125[A] of the Internal Revenue Code states that "Except as provided in (b) no amount shall be included in the gross income of a participant in a cafeteria plan solely because, under the plan, the participant may choose among the benefits of the plan."[9] However, the main emphasis of Section 125(b) is upon the disallowance of discrimination within the plan for a highly compensated participant.

Further, Section 125 of the IRC does not specify which benefits can be included in the cafeteria plan. Since an employer is not bound by reporting requirements, nor must a determination letter be filed to qualify an employee for participation in a flex plan, many benefits are offered which may or may not be taxable if discovered by the IRS. At the present time, the IRS appears reluctant to grapple with the complex tax implications of cafeteria plans and final word on rules for flex plans is not expected in the near future.

An example of a benefits category that may or may not be found taxable by the IRS, despite the delay in ruling, is the reimbursement account. The reimbursement account is presently allowed under Section 125 of the Internal Revenue Code. This tax code amendment was developed to encourage cafeteria plans which merely allowed workers to substitute one benefit option for another. Some companies have taken advantage of this situation by taking sums of money from pre-tax wages and then placing the monies in a reimbursement account. These funds are not reflected on an employee's W2 form. The employee may then withdraw this essentially tax-free money and use it to cover such expenses as child care, legal services or other benefits that would normally be taxable or, at least, nondeductible, if reflected as part of gross income. In essence, some companies are allowing workers to shelter large sums of their income. Many experts have alleged that cafeteria plans have been set up intentionally as tax dodges. Whether the IRS interprets them thusly and, if so, invokes regulations to close these purported tax loopholes remains to be seen.[10]

FLEXIBLE INVESTMENT AND RETIREMENT OPTION

The concept of flexibility has gone beyond benefit packages in some companies. For example, at the Johnson Wax Company of Racine, Wisconsin, employees may direct their profit sharing revenue into an equity or a fixed income fund. The Chicago Title and Trust Company now offers its employees the option of selecting a defined contribution pension plan or a profit-sharing program.[11] Although such programs are on a small scale, they may indicate the onset of a trend for employers to relieve themselves of the task of making mandatory investments or selecting specific types of retirement plans for their employees.

FLEXIBLE BENEFITS: WHERE IT WILL LEAD

As stated above, a growing number of firms are choosing to offer cafeteria benefit plans. On a somewhat smaller scale, companies are combining flexible investing with retirement options. The next step, could well be a completely flexible resource system that will permit employers and workers to trade off between pay, benefits, hours worked, career development and every other aspect of a total work environment.[12] The American Can Company, may be again leading the way in its current attempt to organize a "totally flexible human resource system." This system is to be composed of three elements:

1. Benefits and Compensation - this element will cover base pay, incentive plans, investment benefits and retirement;
2. Work Environment - includes flexible working hours, reduced work week, work at home and phased retirement;
3. Career Development - allows employees to make career shifts from one field or area of expertise to another.[13]

The company will have the complete details of its plan established by 1985 but already known is that participants will be limited to salaried employees. The company admits that initiation of the total package will be slow, but American's management has expressed the belief that it will be beneficial and cost effective in the long run. The payoff will be reflected by increased productivity, improved morale, control of benefit costs and employee retention.

SUMMARY AND CONCLUSION

Employees in the 1980s have, on the whole, very different lifestyles and lifetime aspirations than workers of 30-50 years ago. However, most benefit plans were established to meet the needs of and to provide assistance to those "older" workers, who were members of the "standard" American family (husband working, stay-at-home wife and children) and are not fulfilling the needs of today's workers.

Employees seem more willing to contribute to maintaining their nonwage benefits when given a variety of choices; whereas, under a traditional benefit plan, employees are reluctant to allow salary reductions to cover such benefits. Worker willingness to contribute to more flexible benefit options may allow employers to curtail the rising costs of nonwage benefits by establishing a flex plan. Additionally, workers may be less willing to permit their flexible benefits to become a collective bargaining issue during a labor dispute. While fringe benefits have been a sensitive and jealously guarded issue, labor arbitrators have usually centered these around the expansion of the traditional package - i.e., more pension benefits, more health coverage, etc., at the employer's expense.

---

[1] Robert B. Cockrum. "Has the Time Come for Cafeteria Plans?", Personnel Administrator, July 1982 [66].

[2] Albert Cole. "Flexible Benefits are a Key to Better Employee Relations", Personnel Journal, January 1983 [49].

[3] Ibid [50].

[4] Ibid [52].

[5] Idem. "Companies Offer Benefits Cafeteria Style", Business Week, November 13, 1978 [116].

[6] Ibid [117].

[7] Robert Derven. "Flexible Benefits Part II", Pension World, October 1981 [23].

[8] Cockrum [68].

[9] Pension and Employee Benefit Text, Commerce Clearing House [310].

[10] Brian S. Muskat. "More Flexibility in Benefit Plans", Industry Week, January 7, 1980 [66].

[11] Mary Zippo. "Flexible Benefits, Just the Beginning", Personnel, July 1982 [57].

[12] Ibid [58].

[13] Ibid [60].

RAW LAND TO TIMESHARING IN ARKANSAS

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INTRODUCTION

Methods of marketing rural real estate have changed dramatically during the last two decades. In the past, land has been sold in response to a legitimate demand for rural property. Rural land was sold to those urbanites who actively sought to purchase property outside urban areas. The purchase of property was usually initiated by the customer rather than by a realtor or land developer. This has changed and many large tracts of rural land have been purchased, subdivided and marketed to distant buyers by installment land sales companies. These large corporations have replaced the individual and previously disorganized approach to selling rural property with an elaborate operational framework designed to create a demand for land at highly inflated prices.[1] Many corporations have moved beyond the selling of raw land and are now selling condominium time-shares in addition to lots. This paper examines some of the more important advantages and disadvantages associated with the relatively new practice of timesharing. Fairfield Bay, located in northcentral Arkansas, will be used to illustrate some of the changes that have occurred in the land sales industry as their approach to marketing rural real estate becomes more sophisticated.

Published material on recreational subdivision is sketchy at best. Much of the data for this research was obtained from the Office of Interstate Land Sales Registration, Housing and Urban Development and from interviews with officials at Fairfield Bay, Arkansas.

OPERATIONAL FRAMEWORK

Recreational land developments have a basic framework of operation around which their activities are based. This framework includes a land acquisition phase, a development phase, and a follow-up phase (Figure 1).[2] Some developers are successful in implementing such a plan and move through the various phases of development rather quickly while others have financial difficulty and fail after a short period of time. Arkansas has several developments in each category including a total of 430 projects on file with the Office of Interstate Land Sales Registration, Housing and Urban Development.[3] Regardless of the success level of the development, the framework of operation remains essentially the same. Differences in subdivision projects result primarily from differences in the amount of planning prior to and during development and in the level of financial backing of each corporation. Many developments fail financially after progressing only partially through the development phase. This leaves a tract of land subdivided into hundreds or thousands of lots and sold to numerous buyers scattered across the United States. Others progress through the various phases of development and beyond by offering new and timely investment opportunities such as timesharing. Briarcliff by the Lake, Ozark Acres, and Diamondhead Resort are examples of developments that have not progressed toward establishing a "new community" and have primarily sold raw land (undeveloped lots) to distant buyers without providing

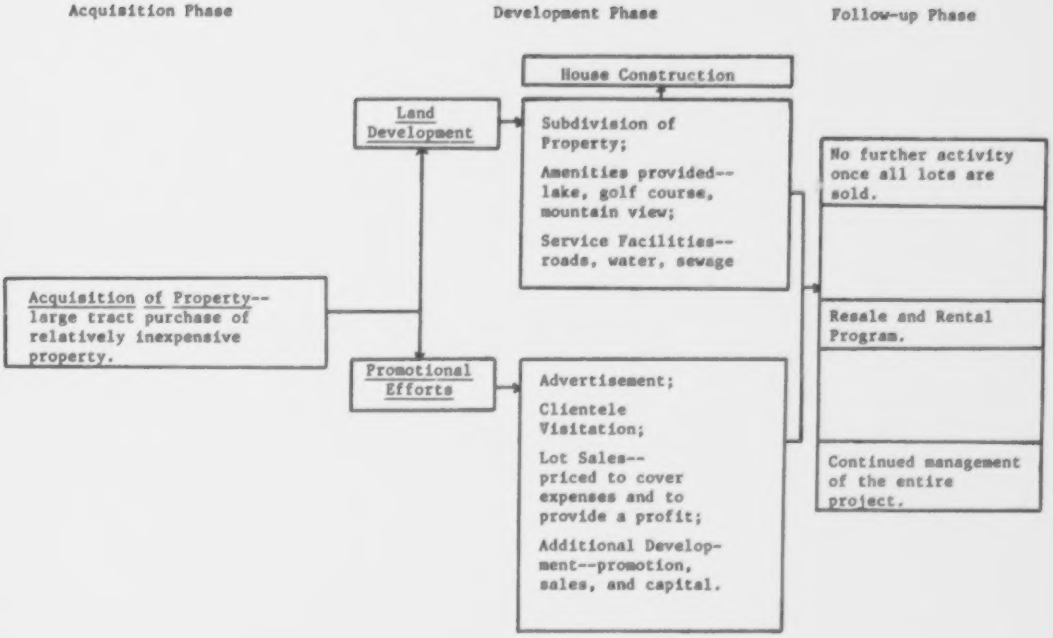
Acquisition Phase
Development Phase
Follow-up Phase
House Construction
Land Development
Subdivision of Property;
Amenities provided--lake, golf course, mountain view;
Service Facilities--roads, water, sewage
No further activity once all lots are sold.
Acquisition of Property--large tract purchase of relatively inexpensive property.
Resale and Rental Program.
Promotional Efforts
Advertisement;
Clientele Visitation;
Lot Sales--priced to cover expenses and to provide a profit;
Additional Development--promotion, sales, and capital.
Continued management of the entire project.

Figure 1. Recreational Land Development Operational Framework.

Source: H. B. Stroud, "The Land Development Corporation: A System for Selling Rural Real Estate," ***Journal of the American Real Estate and Urban Economic Association.*** **Vol. 6, No. 3, Fall, 1978, p. 276.**

adequate services and facilities. Several other Arkansas developments have continued to grow and have added elaborate infrastructures. Cherokee Village, Bella Vista Village, and Hot Springs Village, all projects of Cooper Communities, and Fairfield Bay of Fairfield Communities, Incorporated are good examples of "successful" developments. These large developments have added timesharing to their sales program. This new offering represents one of the most significant changes to have occurred in the installment land sales industry in years.

A NEW SALES OPTION: THE CASE OF FAIRFIELD BAY

Fairfield Bay began its operations in 1966 on a 4,300 acre tract of land situated along the north shore of Greers Ferry Lake. Fairfield Communities has made the necessary financial commitment, implemented an elaborate master plan, and provided impressive on-site infrastructural facilities all of which have attributed to the continued growth and success of the project. Initially the developers provided little in the way of services. A sales office and a network of roads were the first changes made to this previously little disturbed portion of rural Van Buren and Cleburne Counties. Selling raw land with the promise to provide additional services as the development progressed was the major activity occurring during initial phases of development. Within only a few years, the developers of Fairfield Bay had added much to their infrastructure including a restaurant, marina, golf course, paved roads, and other facilities. By 1976, Fairfield Bay had grown to 10,000 acres in size. Developers had sold 10,500 lots, constructed over 875 dwelling units and provided facilities for a permanent population of 500. Growth at Fairfield Bay continued despite numerous problems confronting the land sales industry including economic recession and high energy costs. Fairfield Bay's financial success has occurred not only because of a well-designed master plan and a willingness on the part of the developer to make the necessary financial investment to establish an impressive infrastructure, but also because the company offers a host of popular amenity attractions centered around Greers Ferry Lake, a beautiful golf course and a number of well-designed tennis courts. By 1980 Fairfield Bay had expanded to 14,000 acres, sold over 16,100 lots and established a permanent population of over 2,000.[4]

For the first fifteen years of its operation Fairfield Bay emphasized its lot sales program. Lot sales alone generated more than $74 million in revenue by 1980. The company also provided dwelling units for those investors who were seeking a vacation home in addition to a lot. Lot sales, though successful, have been on the decline in recent years. Fairfield Bay, in an effort to partially offset the decline in lot sales and at the same time provide a new and innovative concept in vacation housing, began its timeshare program in 1981. In the brief two year period since these offerings were made available, revenues from timeshare sales already exceed income from lot sales. Table 1 illustrates the changes that have occurred since 1973 in the number of lots sold, the revenue produced by these sales and the extent to which timesharing has surpassed lot sales in only a two year period. Apparently, timesharing is the wave of the future. Over 400,000 timeshares have been sold nationwide by hundreds of resorts and land sales companies.[5]

Timesharing appeals to developers at Fairfield Bay because it is receiving nationwide attention, provides immediate use of on-site facilities and gives greater sales flexibility. The generation of revenue through this new program was crucial, particularly in view of the recent decline in lot sales.[6]

Resort timesharing is a purchase which guarantees future vacation time. The customer buys a vacation week or weeks at a resort of their choice. Timesharing falls into two categories. One allows the purchaser to buy an ownership interest in real estate while the other allows one to buy a right to use the living space for a specified number of years but the participant does not have an ownership interest in real es-

TABLE 1
LOT AND TIMESHARE UNIT SALES, FAIRFIELD BAY, ARKANSAS, 1973-1982

	1973	1980	1982
Number of Lots Sold	1,603	1,334	500
Average Lot Price	$4,266	$7,052	$8,000
Revenue Generated from Lot Sales	$6,838,398	$9,407,368	$4,000,000
Number of Timeshare Units Sold	n/a	n/a	30
Average Price per Timeshare Week	n/a	n/a	$6,500
Revenue Generated from Timeshare Sales	n/a	n/a	$9,750,000

Source: Corporate Files, Fairfield Bay, Arkansas, 1983.

tate. Fairfield Bay offers only the ownership type timeshare.

ADVANTAGES AND DISADVANTAGES OF TIMESHARING

Timesharing offers both advantages and disadvantages for its clientele. The ownership timeshare, as is offered by Fairfield Bay, provides some security in that a warranty deed is issued to the owner. Yet, Fairfield Bay does not issue the deed until all payments are made and until at least 50 percent of the units in a particular building are sold. Other positive aspects of ownership timeshares include certain tax advantages and the right to rent, sell or transfer the property to someone else. A major disadvantage of ownership may result if a co-owner were to sue for partition of real estate. This means one owner could sue to have the building sold. Secondly, the entire building may be sold to satisfy the lien on one of the owners. The chances of this happening are slim and the government could not take more of the proceeds than the pro rata share from the forced sale. But such a sale may result in a price far less than the total amount paid by the timeshare owners.[7]

A timeshare purchase may serve as a hedge against inflation in resort accommodations. Inflation has resulted in a substantial increase in the average price of a single family dwelling and resort rental property. The purchase of a timeshare today may help combat the inflationary spiral in vacation prices. Many feel a timeshare is a good value if the savings on rent, meals and recreational expenses in 10 years equals the amount paid for the timeshare. For example, a one-week timeshare purchased for $5,000 with an annual maintenance fee of $100 costs the owner $6000 in 10 years. If the resort living unit would rent for $650 per week, the cost would be $6,500 in ten years (10 times $650) representing a savings of $500. In future years the savings would be greater if rental prices continue to escalate. This comparison is based on the assumption that maintenance fees will remain the same year after year and the timeshare owner does not have other expenditures such as exchange program fees.[8]

A timeshare unit is certainly much less expensive than the purchase of a vacation home on an individual lot; but the two are in many ways not comparable. Timesharing is not an investment opportunity in real estate. Even if the building in which a timeshare has been purchased appreciates substantially over time, an individual owner's interest is only one-fiftieth or one-fifty-second of the condominium unit. This could hardly be considered a money making investment.

The cost of a timeshare only provides use for a single week. If the client is seeking 4 weeks rather than one, the timeshare investment jumps from $6,500 to $26,000 (based on an average cost). The argument that time-sharing is an inexpensive way to have a vacation is questionable. An investment of $6,000 to $10,000 for a single week, even if it is for life, is substantial especially since the sale price does not cover an annual maintenance fee required of all timeshare owners nor either an Exchange or a Resort Condominium International fee for those who wish to participate. In 1982 the maintenance fee at Fairfield Bay was $158.00 per year.[9] This fee is for only 1 week of use. A breakdown of these maintenance expenses is presented in Table 2. The major expense items include weekly cleaning, furniture replacement, electricity, and a management fee. These rates are by no means fixed and could escalate dramatically as the building deteriorates from heavy use and age (49 other families use each unit in a single year). Two weeks are set aside for maintenance at Fairfield Bay.

The timeshare owner is committed to a specified week for life. Decisions concern-

TABLE 2
BREAKDOWN OF TIMESHARE OWNER MAINTENANCE FEE, FAIRFIELD BAY, ARKANSAS, 1983

	Expenditure Each Week
Interior Maintenance	$11.35
Community Club	8.30
Weekly Cleaning of Units	22.75
Grounds Maintenance	5.20
Exterior Maintenance	3.65
Insurance, including contents	8.15
Taxes	6.80
Furniture replacement	29.40
Electricity	34.00
Water Usage	6.50
Cable TV	2.75
Phone	3.40
Management Fee	14.42
FAX (Fairfield Exchange Program)	2.00
	$158.67

Source: Corporate Files, Fairfield Bay, Arkansas, 1983.

ing the desired week must be made at the date of purchase. A week selected during peak tourist season is much more expensive than a week selected during the off season. The **red** or **peak** season at Fairfield Bay is May 22 through October 5 and is priced at $8,500 per week. A week during the **blue** or **off** season is only $4,500.[10] Vacation needs may not be the same in subsequent years yet one particular week has already been selected. There is an exchange program but exchange requests must be made 45 days in advance and there is a $20.00 fee for making the exchange.

The timeshare owner is also committed to a single vacation location for life. The client may wish to vacation in other locations after a few years. Fairfield Bay is a member of Resort Condominiums International (RCI) whereby an owner at Fairfield Bay may exchange vacation time for vacation time at resorts all over the world. This program is operated on a first come first served basis and there is an annual membership fee of $42.00 for each owner who wishes to participate. There are no guarantees that desired exchanges will be made.

The timeshare owner is entitled to ownership privileges to use facilities within the development free of charge (tennis court fees are waived for property owners for example). These ownership privileges are limited for timeshare owners to the particular vacation week they have purchased. This limitation has encouraged several timeshare owners to buy a lot in addition to their timeshare week since individual lot owners have ownership privileges year round.[11] These privileges are nice but expensive. The average price for a lot in 1982 was approximately $8,000.

Developers often offer a rental program for those owners unable to use their week in a given year. Rental may not be likely if the developer has unsold weeks for sale. These would be in direct competition with the week the owner is trying to rent. If the rental is successful, rental commissions are quite high. Such a rental program is not available at Fairfield Bay.

Many timeshare resorts provide a resale program for clients who decide to sell their week. The week may be in direct competition with the developer's unsold weeks. This reduces the likelihood the week will be resold. Even if the week is sold, it is unlikely to sell at a price sufficiently high to cover the developer's commission fee (sometimes as high as 20 percent) and the original price paid by the owner.

Development and heavy use, partially attributed to successful timesharing programs, may cause problems for the surrounding area. Many developments such as Fairfield Bay have remote locations and a rural setting. Small communities and local governments are often ill prepared to cope with large developments such as these. There are likely to be limited service facilities available for a vacationing clientele. The vacationer may find little entertainment outside the development, no hospitals, small schools, inadequate road maintenance and an inability of the local area to provide adequate water and sewer facilities, garbage collection, police and fire protection and many other services needed by vacationers. Many timeshare owners are urbanites who are accustomed to numerous services and facilities available back home in suburbia. Unlike many land developments of this nature, Fairfield Bay does provide numerous services and facilities for its customers.

Finally, difficulty may result since decisions concerning maintenance needs and maintenance fee assessments are out of the hands of the owner. A property owners association or a board of directors will likely be making these decisions based on a majority vote. An individual owner may or may not be satisfied with association or board decisions.

SUMMARY AND CONCLUSIONS

This paper has discussed some of the advantages and disadvantages associated with the relatively new practice of timesharing. Multiple ownership options have enhanced the financial success of many land developments and may serve as a hedge against inflation for the timeshare owner.

Disadvantages include the absence of investment potential, possible increases in maintenance fees in subsequent years, commitment requirements for a specific week at the date of purchase, and possible problems associated with decisions concerning maintenance and management of the timeshare units.

There are obviously both positive and negative aspects associated with timesharing. Additional consideration should be given to the many questions raised in this paper before the timeshare option is deemed feasible for vacationing clientele.

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[1] Hubert B. Stroud, "The Land Development Corporation: A System for Selling Rural Real Estate," *Journal of the American Real Estate and Urban Economics Association*, Vol. 6, No. 3, Fall, 1978, pp. 271-286.

[2] Ibid, p. 216.

[3] United States Department of Housing and Urban Development, Office of Interstate Land Sales Registration. *Catalogue Report*. Washington, D.C. August, 1981.

[4] Corporate Files, Fairfield Bay, Incorporated, Fairfield Bay, Arkansas, May, 1982.

[5] Resort Condominiums International and Vacation Horizons International, Anne Crawford, ed. *Perspectives*. Vol. 1, No. 2, July, 1983.

[6] Personal Interview, John McIntosh, Executive Vice President and General Manager, Fairfield Bay, Arkansas, July, 1983.

[7] The National Timesharing Council, The American Land Development Association, *Resort Timesharing: A Consumers' Guide*, Washington, D.C. 1981.

[8] Ibid.

[9] Corporate Files, Fairfield Bay, Incorporated, Fairfield Bay, Arkansas, July, 1983.

[10] Ibid.

[11] Personal Interview, Dona Stackes, Sales Manager, Fairfield Bay, Incorporated, Fairfield Bay, Arkansas, August, 1983.

BUDGET DEFICITS AND THE NO FREE LUNCH CAVEAT

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Economists have long been fond of pointing out to the layman, who forever dreams of getting something for nothing, that, in the aggregate, there is no such thing as a free lunch. Somebody, somewhere always pays.

That adage comes to mind when considering the budget that the President recently sent to Congress. The budget projects a deficit of $180.4 billion for the fiscal year starting next October 1. That budget deficit reflects the substantial tax cut phased in since 1981 as well as the overall increased federal outlays, notably a 14.5 percent rise in defense spending. In a recession economy such as the economy has experienced recently, the expansion of both private and public spending is feasible, even desirable, but as recovery continues and full employment is approached, one will have to accommodate the other. Somebody, somewhere will pay.

Deficits in the federal budget are certainly nothing new — surpluses have appeared only eight times in the last 45 years with the last budgetary surplus in 1969. However, deficits have been far larger recently and are now forecast to remain near $200 billion a year for the foreseeable future. The impact of such massive deficits is beyond our previous experience.

In essence, there are two different kinds of deficits. One comes about because of a downturn in the business cycle. During a recession, tax revenue falls as income falls and government transfer payments—for example, unemployment benefits—increase. As the economy recovers, that type of deficit disappears. The second type of deficit is policy-induced. It is caused by insufficient taxes or excessive government spending or both and can occur in a full-employment economy. Recent deficits are probably a combination of the two kinds but continued, projected large deficits in a full recovery economy indicate that the second is predominant.

Economists' estimates of the economic impact of these deficits range from "nothing to worry about" to "a complete economic breakdown." Even within the Presidency a controversy ranges between Economic Advisor Martin Feldstein and Treasury Secretary Donald Regan. Most economists agree that large deficits in a fully employed economy can crowd out private investment. When government finances its deficit by taking a large share of available credit, private business will find borrowing for capital expansion increasingly difficult. Competition for limited funds will raise interest rates and many private firms will find that they just cannot finance the new plants and equipment they want. In the long run the low rate of capital formation will hurt economic growth, productivity expansion, and even the competitiveness of American firms in world markets.

An alternative to the government's competing in credit markets might be to finance the deficits by having the Federal Reserve System "print" the money. However, the inflationary impact of such an expanded money supply could cause long-term interest rates to increase in real terms. The net effect then would be crowding out in much the same way as competition in credit markets.

The size of the deficits precludes an easy solution. Cutting out waste and eliminating social programs will not do it. The only feasible plan to balance a budget of that size will be to raise taxes substantially, cut military spending, or cut middle-class entitlements such as social security, medicare and veteran's benefits. Not one of the options is politically palatable nor is any action likely until after the election.

Reduction of the budgetary deficits will be painful but the alternative may be worse, for we all know: "There is no such thing as a free lunch!"

ERRATA: VOL. 16, NO. 3, 1983

The article "The New Tax Laws and Their Impact on Investments," *Arkansas Business and Economic Review*, Vol. 16, No. 3, 1983, pp. 11-14, was co-authored by Dr. Sharon Garrison, Professor of Finance, North Texas State University. Dr. Garrison's name should have appeared along with that of Dr. P.R. Chandy on both the "Table of Contents" and on the first page of the article itself.

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ARKANSAS ECONOMY: Q-III, 1983 AND PROJECTED Q-IV, 1983

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Arkansas' economy in Q-III, 1983 is now adequately reported to permit the analysis that its trend is upward although soft spots remain. For example, Arkansas' Total Employment in Q-III fell by 1.2 percent and Unemployment rose by 1.1 percent. At the national level, Total Employment and Unemployment improved by 1.7 percent and 6 percent, respectively.

Personal Income increased by 1.8 percent Arkansas and for the nation by 2.4 percent. Similarly Arkansas' Value Added by Manufacture and the U.S. Production Index showed respective increases of 4.1 and 5.1 percent. Cash Receipts from Farm Marketings showed 8.7 and 3.1 percent rises for Arkansas and the U.S., respectively. Both the Net New Savings and New Loan segments of activity of Arkansas Savings and Loan Associations showed decreases of 56.9 and 8.1 percent while Total Tonnage and Internal Tonnage on the McClellan-Kerr Arkansas River Navigation System showed rises of 19.1 and 53.9 percent, respectively.

Construction results showed that Arkansas experienced decreases in both the Residential, at -4.3 percent, and the Nonresidential, at -1.5 percent, categories. At the national level both segments rose by 1.2 and 3.9 percent, respectively.

For Q-IV, 1983, the data are incomplete or preliminary and are, therefore, not included in this issue. Nevertheless, available data do permit general conclusions on the economy through the 4th quarter. Total Employment in Arkansas rises to 917,000, 1.6 percent, but Unemployment also rises by 1.1 percent; U.S. Employment continues its upward trend with a 1.3 percent rise and U.S. Unemployment falls by 1.0 percent.

Arkansas Personal Income rises to 5.35 billion dollars in Q-IV, an increase of 1.4 percent. Meanwhile for the U.S. as a whole, the increase is about 3.0 percent. Arkansas Value Added by Manufacture rises by 3.0 percent to total 1,656 million dollars. For the U.S., the Production Index shows an increase of 2.7 percent. Cash Receipts from Farm Marketings show decreases of 6.5 percent for Arkansas and 4.3 percent for the U.S. Similarly, in construction, Arkansas and U.S. Residential Construction are both off, by 16.1 and 5.3 percent, respectively, while Nonresidential Construction improves for both Arkansas, by 34.3 percent, and the U.S., by 2.5 percent.

Activities of Arkansas Savings and Loan Associations show a rise of 37 percent in Net New Savings and a fall of 5.5 percent in New Loans. Tonnages of Waterborne Commerce on the McClellan-Kerr Arkansas River Navigation System show Total Tonnage falling 17.1 percent and Internal Tonnage dropping 11.2 percent.

In summary, under the assumptions for the 4th quarter, the 1983-year reflects recovery of the economy with some segments more responsive than others. For example, total Arkansas Personal Income will near 21 billion dollars, a new high for the State; yet Total Employment, at an estimated 920,000 will still lag the 1979, 1980, 1981, and 1982 levels. Value Added will approach 6.35 billion dollars, only 2 percent below the 1981 high. Cash Receipts are expected to top 3.1 billion dollars about 9 percent off the 1981 high.

EMPLOYMENT

Base Year to Date and Quarterly Changes in Total Employment, Arkansas and United States

Seasonally adjusted, percent. Base Year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 37.0	+ 2.3	+ 0.3	- 2.3	- 1.2
United States	+ 36.6	- 0.6	0.0	+ 0.9	+ 1.7

Employment by Major Industry Group in Arkansas, and Unemployment Rate, Arkansas and United States

Seasonally adjusted, units | Actual Rate, Percent

TIME PERIOD	EMPLOYMENT				UNEMPLOYMENT RATE	
	Wage and Salary		Agricultural	Total	Arkansas	United States
	Manufacturing	Nonmanufacturing				
1976	187,300	445,100	65,600	827,000	7.1	7.7
1977	208,900	483,400	62,800	876,000	6.6	7.1
1978	216,500	507,350	61,250	886,000	6.3	6.1
1979	217,750	526,700	65,800	926,000	6.2	5.8
1980	210,050	540,400	65,100	923,000	7.6	7.1
1981	212,100	536,150	64,100	936,000	9.1	7.6
1982	195,625	525,925	63,440	919,000	9.7	9.5
1983, Q-I	192,800	527,675	63,520	936,424	10.5	11.2
Q-II	200,000	526,790	62,490	914,530	9.1	10.0
Q-III	204,120	524,690	61,420	903,125	9.2	9.4

PERSONAL INCOME

Base Year to Date and Quarterly Changes in Personal Income, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 398.2	+ 2.0	+ 1.8	+ 2.3	+ 1.8
United States	+ 340.9	+ 1.5	+ 0.4	+ 2.2	+ 2.4

Personal Income in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	2,508	2,837	3,118	3,724	4,014	4,507	4,786	5,061
Apr-Jun	2,667	2,948	3,208	3,759	4,002	4,606	4,811	5,181
Jul-Sep	2,626	2,984	3,315	3,859	4,169	4,800	4,866	5,276
Oct-Dec	2,676	3,070	3,406	3,963	4,288	4,813	4,968	
Annual	10,477	11,839	13,047	15,305	16,473	18,726	19,431	

VALUE ADDED BY MANUFACTURE

Base Year to Date and Quarterly Changes in Manufacturing, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 310.3	- 2.3	+ 4.4	+ 1.2	+ 4.1
United States	+ 51.8	- 2.1	+ 2.4	+ 4.2	+ 5.1

Value Added by Manufacture in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	1,099.3	1,158.2	1,392.3	1,557.6	1,660.6	1,687.4	1,500.7	1,525.9	1,419.0
Apr-Jun	1,103.2	1,226.4	1,445.9	1,547.7	1,520.5	1,656.6	1,505.2	1,544.7	1,524.5
Jul-Sep	1,134.7	1,234.1	1,411.2	1,505.9	1,545.0	1,599.5	1,497.0	1,608.5	1,719.5
Oct-Dec	1,103.1	1,248.6	1,391.3	1,498.2	1,589.6	1,530.9	1,462.1		
Annual	4,440.3	4,867.3	5,640.7	6,109.4	6,315.7	6,474.4	5,965.0		

CASH RECEIPTS FROM FARM MARKETINGS

Base Year to Date and Quarterly Changes in Cash Receipts, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 272.6	- 3.5	- 13.8	+ 19.4	+ 8.7
United States	+ 241.4	+ 0.6	- 1.4	- 0.6	+ 3.1

Cash Receipts from Farm Marketings in Arkansas

Seasonally adjusted, thousands of dollars

Quarter	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Jan-Mar	565,575	686,105	915,305	931,511	961,705	823,428	868,250	665,184	553,900
Apr-Jun	740,457	703,457	705,441	719,506	658,942	909,757	881,841	794,478	587,846
Jul-Sep	621,624	578,357	760,304	762,307	879,485	1,011,547	800,923	863,228	693,080
Oct-Dec	497,214	500,169	584,144	663,304	570,684	692,029	772,552		
Annual	2,425,367	2,468,088	2,965,194	3,081,628	3,070,816	3,436,761	3,323,566		

ACTIVITY OF ARKANSAS SAVINGS AND LOAN ASSOCIATIONS

Base Year to Date and Quarterly Changes in Activity of Arkansas S & L Associations

Not seasonally adjusted, percent (based on CONSTANT DOLLARS), Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983-Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Total New Loans	+ 612.6	+ 190.3	+ 64.1	+ 45.8	- 7.2
Net New Savings	+ 202.3	+ 674.8	+ 261.2	- 37.6	- 56.9

Economic Activity of Arkansas Savings and Loan Associations

Not seasonally adjusted, Thousands of dollars

TIME PERIOD	TOTAL NEW LOANS		NET NEW SAVINGS	
	Current $	1967 $	Current $	1967 $
1976	606,400	355,280	393,300	231,050
1977	815,800	448,590	405,000	223,492
1978	729,300	373,700	416,900	213,610
1979	625,900	290,560	436,830	204,525
1980	504,700	204,275	287,600	115,580
1981	360,800	132,970	20,000	7,240
1982	677,400	233,370	353,800	121,355
1983 Q-I	457,000	155,850	632,100	215,560
Q-II	675,000	227,300	399,400	134,500
Q-III	634,000	211,000	174,100	57,950

WATERBORNE COMMERCE:
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM

Base Year to Date and Quarterly Changes in Total and Internal Tonnages

Not seasonally adjusted, percent, Base = Ave. Qtr. 1971

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Total	+ 146.1	+ 3.0	+ 6.2	- 7.2	+ 19.1
Internal	+ 4.1	- 4.7	- 67.2	+ 12.9	+ 53.7

Freight Traffic
Arkansas River Commerce

Not seasonally adjusted, Thousands of short tons

TIME PERIOD	TRAFFIC TONNAGES*			
	INBOUND	OUTBOUND	INTERNAL	TOTAL
1976	1,988	1,663	3,033	7,078
1977	2,841	2,339	3,463	9,138
1978	2,595	3,899	3,170	10,216
1979	2,026	3,456	2,932	8,926
1980	1,611	4,643	2,408	9,133
1981	1,564	5,684	1,741	9,446
1982	1,520	4,611	1,561	8,258
1983 Q-I	426	1,103	364	2,030
Q-II	512	888	411	1,883
Q-III	479	1,094	631	2,243

*Total tonnage includes "through traffic"—shipments which originate and terminate outside the Arkansas River Commerce Area.

RESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 364.0	- 3.0	+ 0.7	+ 41.1	- 4.3
United States	+ 435.6	+ 2.2	+ 6.5	+ 48.9	+ 1.2

Residential Construction Contracts in Arkansas

Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	116,379	160,861	220,739	205,119	144,050	176,180	115,590	205,650	185,200
Apr-Jun	117,164	173,558	236,915	153,917	137,600	159,750	153,850	239,450	261,300
Jul-Sep	122,732	182,210	227,633	193,364	177,450	138,360	174,250	230,350	250,000
Oct-Dec	134,927	217,222	236,718	154,130	185,450	158,510	204,440		
Annual	491,202	733,851	922,005	706,530	664,550	632,800	648,130		

NONRESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-III	1982 Q-III thru 1982 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III
Arkansas	+ 148.5	- 21.4	+ 22.8	+ 30.8	- 1.5
United States	+ 228.3	+ 12.7	+ 4.4	+ 14.3	+ 3.9

Nonresidential Construction Contracts in Arkansas

Not Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	43,591	57,486	72,851	88,988	72,300	90,500	96,300	69,500
Apr-Jun	93,906	63,726	60,479	109,976	91,200	72,700	54,700	90,900
Jul-Sep	67,913	67,632	90,471	70,296	91,900	59,400	72,000	89,500
Oct-Dec	79,004	76,866	69,041	112,549	99,700	79,500	56,600	
Annual	284,414	265,710	22,842	381,809	355,100	302,100	279,600	

LABOR FORCE ESTIMATES
November 1983, not seasonally adjusted

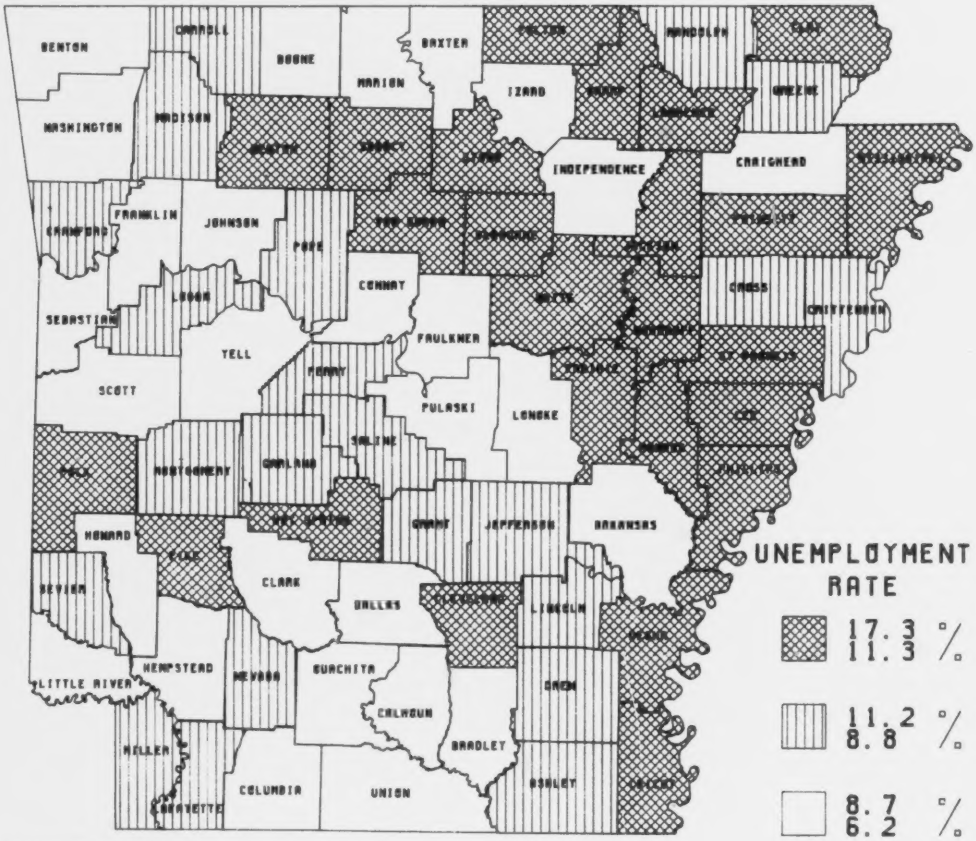
State and SMSA's	Civilian Labor Force	Unemployment Rate	Total Employment
UNITED STATES	112,147,000	8.1	103,018,000
STATE OF ARKANSAS	1,016,600	9.3	922,200
Fayetteville-Springdale SMSA (Benton & Washington Counties)	82,900	6.5	77,500
Fort Smith SMSA (Crawford & Sebastian Counties in Arkansas and LeFlore & Sequoyah Counties in Oklahoma)	86,650	9.4	78,500
Little Rock-North Little Rock SMSA (Pulaski & Saline Counties)	195,500	7.6	180,600
Pine Bluff SMSA (Jefferson County)	37,925	9.2	34,425

County	Civilian Labor Force	Unemployment Rate	Total Employment	County	Civilian Labor Force	Unemployment Rate	Total Employment
Arkansas	12,125	8.7	11,075	Lee	5,200	17.3	4,300
Ashley	10,575	10.9	9,425	Lincoln	3,825	11.1	3,400
Baxter	10,525	7.6	9,725	Little River	5,600	8.0	5,150
Benton	36,175	6.3	33,900	Logan	7,375	10.5	6,600
Boone	13,525	6.5	12,650	Lonoke	15,800	8.7	14,425
Bradley	4,750	7.9	4,375	Madison	5,925	8.9	5,400
Calhoun	2,650	7.5	2,450	Marion	6,650	6.4	6,225
Carroll	9,000	9.4	8,150	Miller	15,525	10.0	13,975
Chicot	6,850	13.1	5,950	Mississippi	25,950	11.4	23,000
Clark	10,250	7.1	9,525	Monroe	4,650	15.6	3,925
Clay	9,075	11.3	8,050	Montgomery	3,150	9.5	2,850
Cleburne	6,300	11.5	5,575	Nevada	3,950	8.9	3,600
Cleveland	1,800	13.9	1,550	Newton	1,900	14.5	1,625
Columbia	13,250	8.3	12,150	Ouachita	13,525	8.7	12,350
Conway	8,150	6.7	7,600	Perry	3,100	8.9	2,825
Craighead	31,475	7.9	28,975	Phillips	13,325	14.1	11,450
Crawford	16,425	10.7	14,675	Pike	3,675	16.3	3,075
Crittenden	23,350	10.6	20,875	Poinsett	9,950	14.8	8,475
Cross	8,325	10.2	7,475	Polk	6,125	13.9	5,275
Dallas	4,075	8.0	3,750	Pope	19,150	8.9	17,450
Desha	8,000	11.3	7,100	Prairie	3,500	12.1	3,075
Drew	8,250	9.4	7,475	Pulaski	168,625	7.4	156,225
Faulkner	24,000	8.3	22,000	Randolph	7,000	10.4	6,275
Franklin	6,625	8.3	6,075	St. Francis	12,375	14.3	10,600
Fulton	2,775	12.6	2,425	Saline	26,875	9.3	24,375
Garland	29,400	11.1	26,125	Scott	3,250	8.5	2,975
Grant	4,450	11.2	3,950	Searcy	3,050	16.4	2,550
Greene	13,475	9.5	12,200	Sebastian	41,450	8.7	37,850
Hempstead	10,875	7.1	10,100	Sevier	5,800	9.1	5,275
Hot Spring	10,375	16.6	8,650	Sharp	4,275	12.3	3,750
Howard	8,450	6.2	7,925	Stone	3,375	12.6	2,950
Independence	16,975	8.7	15,500	Union	23,100	8.5	21,125
Izard	4,250	7.6	3,925	Van Buren	3,925	12.1	3,450
Jackson	9,275	16.7	7,725	Washington	46,725	6.7	43,600
Jefferson	37,925	9.2	34,425	White	23,050	12.4	20,200
Johnson	8,550	8.2	7,850	Woodruff	4,375	14.3	3,750
Lafayette	3,400	10.3	3,050	Yell	8,125	6.5	7,600
Lawrence	7,675	11.4	6,800				

Source: The Research and Statistics Section, Arkansas Employment Security Division.

LABOR FORCE ESTIMATES
NOVEMBER 1983

IN NOVEMBER, ARKANSAS' CIVILIAN LABOR FORCE FELL BY 13,100 TO TOTAL 1,016,600. TOTAL EMPLOYMENT DECREASED 11,200 TO TOTAL 922,200. UNEMPLOYMENT FELL 1,900 TO TOTAL 94,400. OF THE 75 COUNTIES, HOWARD HAD THE LOWEST UNEMPLOYMENT RATE AT 6.2 PERCENT AND LEE THE HIGHEST AT 17.3 PERCENT. MOREOVER THE UNEMPLOYMENT RATES IN 41 COUNTIES EQUALLED OR EXCEEDED THE STATE RATE. FOR THE SMSAS, FAYETTEVILLE - SPRINGDALE HAD THE LOWEST UNEMPLOYMENT RATE AT 6.5 PERCENT AND FORT SMITH HAD THE HIGHEST RATE AT 9.4 PERCENT. THE RATES FOR THE LITTLE ROCK-NORTH LITTLE ROCK AND THE PINE BLUFF SMSAS WERE 7.6 AND 9.2 PERCENT, RESPECTIVELY.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CRAIGHEAD
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POPE
VAN BUREN
CLEBURNE
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HOT SPRING
GRANT
JEFFERSON
ARKANSAS
HOWARD
PIKE
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CLARK
DALLAS
CLEVELAND
LINCOLN
DESHA
HEMPSTEAD
NEVADA
OUACHITA
CALHOUN
DREW
LITTLE RIVER
MILLER
BRADLEY
COLUMBIA
UNION
ASHLEY
CHICOT
LAFAYETTE
UNEMPLOYMENT RATE
▨ 17.3 % 11.3 %
▥ 11.2 % 8.8 %
☐ 8.7 % 6.2 %

UNIVERSITY OF ARKANSAS
COMPUTER GENERATED MAP

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THE MINERAL INDUSTRY OF ARKANSAS IN 1983

The value of nonfuel mineral production in Arkansas in 1983 decreased 1.6% to an estimated $252.3 million, according to preliminary data collected by the Bureau of Mines, U.S. Department of the Interior. The state was a major producer nationally of abrasives, bauxite, and bromine. Construction minerals, stone and sand and gravel, also contributed significantly to the state's economy.

National economic conditions had an adverse impact on the state's minerals output. Demand for construction minerals remained low with some pickup late in the year. Output of mineral producers was mixed depending on proximity of construction activities.

Ethyl Corporation continued construction of a tetrabromobisphenol facility and a methyl bromide facility at its plant in Magnolia. Dow Chemical Company was reissued a permit by the state for construction of a calcium bromide facility at Magnolia; the original permit was issued in 1979.

The state's aluminum industry operated at reduced capacity most of the year with increased production by year's end. Aluminum Company of America's (Alcoa) work force at Bauxite was reduced approximately 50%. Reynolds Metals Company announced the closure of its Hurricane Creek plant; closure was expected late in the year as ore inventories were reduced. The company announced plans to sell the Hurricane Creek alumina plant

Table 1. — Nonfuel mineral production in Arkansas[1]

Mineral	1982		1983^{p}	
	Quantity	Value (thousands)	Quantity	Value (thousands)
Abrasives short tons	1,085	$469	941	$538
Clays thousand short tons	629	6,658	676	2,022
Gem stones	NA	200	NA	200
Sand and gravel:				
Construction thousand short tons	7,076	19,056	7,100	20,400
Industrial do	881	11,370	750	10,200
Stone:				
Crushed do	^{p} 13,100	^{p} 48,500	12,500	51,000
Dimension do	^{p} 5	^{p} 290	6	450
Talc do	13	92	W	W
Combined value of barite (1982), bauxite, bromine, cement, gypsum, lime, talc (1983), tripoli, vanadium (1982), and values indicated by symbol W	XX	169,754	XX	167,469
Total	XX	256,389	XX	252,279

^{p}Preliminary. NA Not available. W Withheld to avoid disclosing company proprietary data; value included with "Combined value" figure. XX Not applicable.

[1] Production as measured by mine shipments, sales, or marketable production (including consumption by producers).

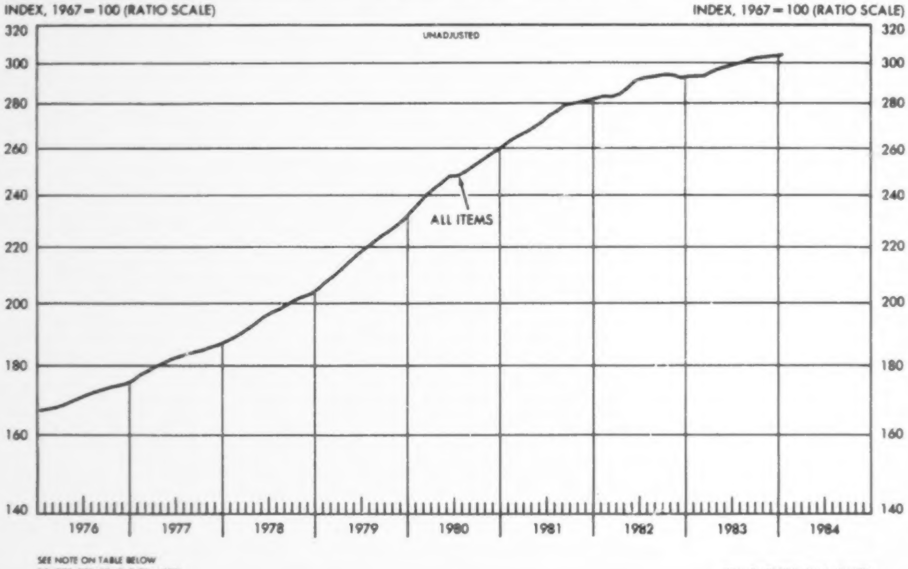
Source: Adapted from *Mineral Industries Surveys*, U.S. Dept. of Int., released by State Liaison Officer, Tuscaloosa, Alabama, January 1984.

and related bauxite operations. Reynolds, however, reopened the fifth potline at its Jones Mill plant late in the year, bringing it back to full production after operating at about 40% early in the year. Reynolds' Patterson plant in Arkadelphia and their Hot Springs continuous rolling plant also resumed full production late in the year.

Norton Company and Alcoa agreed to form a partnership to increase production of sintered bauxite proppants at the Fort Smith facility. The $50 million expansion will increase capacity threefold and is expected to be completed in two years.

CONSUMER PRICES

In January, the consumer price index for all urban consumers rose 0.6 percent seasonally adjusted (also 0.6 percent not seasonally adjusted). The index was 4.1 percent above its level in December 1983.



SEE NOTE ON TABLE BELOW
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1967=100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items ¹	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy ⁴	All items less food, energy, and shelter
			Total ¹	Shelter				Fuel and other utilities		Total ¹	New cars	Motor fuel ³			
				Total	Renters' costs ²	Homeowners' costs ²	Maintenance and repairs								
	NSA					NSA	NSA								
Rel. imp.⁵	*100.0*	*18.7*	*37.6*	*21.5*	*7.0*	*14.0*	*0.5*	*8.2*	*5.2*	*21.8*	*3.5*	*5.9*	*6.1*	*11.9*	*47.9*
1976	170.5	180.8	174.6	179.0			199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1			214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4			233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.1
1979	217.4	234.5	227.6	239.7			256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7			285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7			314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0			334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1983	298.4	291.7	323.1	344.8	103.0	102.5	346.3	370.3	196.5	298.4	202.6	376.4	357.3	419.3	258.4
1983: Jan	293.1	288.9	318.4	338.1	100.8	100.7	342.9	367.6	193.4	293.6	199.5	377.4	347.1	419.4	253.1
Feb	293.2	289.1	318.6	338.9	101.2	100.9	339.4	366.6	194.2	290.6	200.6	360.9	349.7	409.3	254.1
Mar	293.4	290.3	318.3	338.8	101.3	100.9	339.9	364.8	194.2	289.7	201.4	353.5	351.5	403.6	254.8
Apr	295.5	291.5	320.3	341.4	101.7	101.7	343.6	366.6	194.7	293.7	201.4	368.7	353.1	413.3	255.7
May	297.1	292.1	321.1	342.3	102.2	102.0	344.3	368.4	195.7	296.4	201.1	379.8	354.8	420.5	256.3
June	298.1	291.5	321.9	343.3	102.5	102.2	345.1	369.3	196.3	297.3	201.3	381.0	356.5	421.6	257.1
July	299.3	291.2	323.2	345.1	103.1	102.7	346.1	370.7	197.3	298.7	201.7	382.5	358.5	423.2	258.4
Aug	300.3	291.7	324.1	346.3	103.6	103.0	347.9	371.9	197.9	300.8	203.3	383.7	360.3	424.6	259.7
Sept	301.8	292.3	325.3	348.0	104.2	103.5	346.6	372.9	198.2	302.8	204.9	383.7	361.7	425.1	260.9
Oct	302.6	293.5	326.0	349.3	104.6	103.9	351.1	372.2	198.2	304.4	205.5	383.2	362.9	424.2	262.2
Nov	303.1	294.1	327.4	350.7	105.0	104.3	353.4	374.4	198.5	305.5	205.3	381.6	364.7	424.5	263.5
Dec	303.5	295.4	328.1	351.8	105.3	104.5	354.7	373.8	198.5	306.1	205.7	379.8	366.0	423.3	264.2
1984: Jan	305.2	300.2	329.6	353.0	105.7	104.9	356.7	378.2	199.0	306.7	205.6	375.9	368.6	421.7	265.8

[1] Includes items not shown separately.

[2] December 1982=100.

[3] Includes direct pricing of diesel and gasohol beginning September 1981.

[4] Fuel oil, coal, and bottled gas; gas (piped) and electricity; and motor fuel, motor oil, coolant, etc.

[5] Relative importance, December 1983.

[6] Energy excludes motor oil, coolant, etc. beginning January 1983.

NOTE.—NSA indicates data are not seasonally adjusted.

Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Data beginning 1983 incorporate a rental equivalence measure for homeownership costs.

Seasonally adjusted data revised beginning 1967.

Source: Department of Labor, Bureau of Labor Statistics.

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The *Arkansas Business and Economic Review* is published quarterly by the College of Business Administration as a public service and mailed on request without charge to addresses in the U.S. The articles published do not necessarily represent points of view of the editor or the University.

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2. Regional and industrial problems that have implications for the Arkansas economic community;
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A PRELIMINARY ANALYSIS OF THE BUS REGULATORY REFORM ACT OF 1982 ON ARKANSAS

Grant M. Davis
Oren Harris Professor of Transportation
University of Arkansas, Fayetteville

INTRODUCTION

Arkansans in all walks of life have been bombarded with a seemingly endless array of "deregulation actions" by the U.S. Congress that putatively will provide each of us with greater freedom of choice, lower product prices, increased services, and above all more and better competition. The most pronounced of these "increased competition" measures designed to improve our daily life is the pending breakup of AT&T, but transport users have been exposed to the impact of earlier deregulation acts designed to "increase competition" that are not as prominent, but are as meaningful in their daily lives. Starting with the Air Cargo Act of 1976, a brief analysis of each of these deregulation laws and their subsequent impact on the Arkansas economy have been reported in various issues of this *Review*.

The state is now exposed to yet another supposedly "consumer assistance" statute that will dramatically affect a substantial number of its citizens and should, of course, be carefully assessed because of its potential impact upon a sizable segment of Arkansas' population.

Bus Transportation unequivocally constitutes an important source of mobility to many Arkansans. Indeed, a sizable number of citizens depend upon bus transport to meet their daily transportation requirements either on an intercity or commuter basis. Bus transportation represents a particularly important form of for-hire transport in Arkansas for a variety of reasons, for example, the population is older, per capita income is relatively low, and bus transport has been more readily accessible in Arkansas than rail passenger service.[1]

The primary purpose of this brief manuscript is to tentatively assess the potential impact of the Bus Regulatory Reform Act of 1982 on Arkansas users. To accomplish this rather broad objective, several salient areas must be examined which include: (1) the macro-economic facets of the U.S. bus industry; (2) the Arkansas bus industry; (3) bus patronage; (4) the regulatory framework in the U.S. and Arkansas for bus transport; (5) major provisions of the Bus Regulatory Reform Act of 1982;[2] and (6) the potential impact upon Arkansas bus users.

THE INTERCITY BUS INDUSTRY — A MACRO PERSPECTIVE

In 1982, approximately 1,520 companies constituted the intercity for-hire bus industry; 850 of which performed interstate service and therefore were subject to detailed economic regulation by the U.S. Interstate Commerce Commission. Another tier of motor bus regulation on purely intrastate traffic[3] is likewise found in all of the continental states[4] with the notable exceptions of Florida and Arizona.

For regulatory classification purposes, for-hire companies are divided into classes I, II, and III; a classification system predicated on revenues earned from bus operations generated by the 1,520 motor bus companies in the industry during 1982; forty-nine of them were class I carriers with revenues exceeding $3 million. Total industry revenues exceeded $2.07 billion in 1982, of which $1.43 billion was generated by class I carriers. Revenues generated by this class of carriers exceeded $1.46 billion during 1981. Class I motor buses, moreover, received 71.6 percent of all intercity bus operating revenues during this time, but Greyhound Lines generated 59 percent of all intercity operating revenues during 1980, with the balance being generated by the remaining 45 carriers operating during 1980. In short, the industry is dominated by Greyhound Lines and National Trailways System, an affiliated system of 41 carriers that accounted for 22 percent of industry revenues in 1980.[5]

Given the oligopolistic nature of the industry, only 17 percent of intercity revenues was produced by the remaining 42 class I carriers during 1982. More specifically, 68 percent of total operating revenues was generated by class I carriers operating over intercity regular routes in scheduled service; 1 percent of revenues was derived from charter operations; 15 percent by special service operations (including charter), and 16 percent from package freight operations.[6]

Although entry costs are relatively low in the industry, a majority of the newer carriers are charter firms that obviously own a limited amount of equipment.[7] As previously stated, operating revenues have increased annually during the past ten years, but profit margins for class I carriers have experienced a deterioration since 1970.[8] The nadir for the class I segment of the industry during the 1970's decade was an operating margin of 3.7 percent experienced by the industry in 1978. Accelerating declines in operating margins are ominous with respect to a financially sound industry because even though increases in operating margins were achieved via rate adjustments in passenger traffic, together with rapid growth in charter and package service, expenses between 1970 and 1980 increased 105 percent while revenues increased only 93 percent.[9]

Table I depicts revenues, expenses, and production data for selected class I intercity bus carriers for the calendar year 1982. From Table I, the reader can glean some perspective regarding the overall economic conditions prevalent in the industry. As depicted in Table I, Greyhound's operating margins declined and expenses increased with a gross deficit of $10 million from bus operations resulting from a reduction of approximately 200,000 passengers between 1981 and 1982. Trailways similarly experienced a decrease in ridership, yet its operating margins from bus operations were profitable. Table I data not only readily reveals the wide disparity in earnings and operating margins among bus companies, but also reaffirms the dominance of Greyhound and Trailways in the bus industry.[10]

THE ARKANSAS BUS INDUSTRY

The intercity bus industry operating in Arkansas is a microcosm of the national industry in terms of both structure and performance. In this respect, the interstate bus industry in the state is dominated by Greyhound and Trailways with considerable service provided by Jefferson Lines and other regional carriers providing both state and regional service. Arkansas' demographics, however, are not totally comparable with all segments of the U.S. primarily because of population distribution, per capita income, age distribution, and a multitude of small communities virtually lacking any comprehensive, publically-owned, surface commuter services. Because of miniscule amounts of rail passenger service, air service, and other forms of public transit, Arkansans are confronted with two choices for intercity passenger service, i.e., automobiles or buses. Even new bus service may well be essentially local in nature with only limited interlining arrangements existing to points off-line or in distant parts of the state.[11] In short, virtually any bus action by Greyhound or Trailways

TABLE 1
SELECTED BUS STATISTICS

Bus Lines	Year	Total Operating Revenue	Total Expenses	Net Operating Revenue	Net Income Or Loss	Miles	Passengers
Gold Line	82	10311	10560	d294	326	3763	-
Tuxedo, MD	81	10005	9636	370	194	3722	-
Greyhound Lines	82	850549	851572	d1023	19277	403422	57905
Phoenix, AZ	81	882868	838406	44462	46774	419177	60246
NJ Transit	82	101569	158297	d56728	d874	58179	100490
Maplewood, NJ	81	95021	137234	d42213	d741	59232	105976
Trailways Bus System	82	37220	337831	3437	1188	17882	2161
Dallas, TX	81	37928	32963	4965	4550	18442	2244
Trailways Edwards	82	2411	2960	d549	d516	1505	137
Dallas, TX	81	3622	4488	d865	d1614	2488	264
Trailways, Inc.	82	50553	50479	74	3396	28560	2419
Dallas, TX	81	53430	50011	3420	d6407	30065	2570
Trailways of N. England	82	8111	8388	d277	d397	3709	499
Dallas, TX	81	8450	8994	d544	d1731	4084	481
Trailways Southeastern	82	18232	17260	972	d549	9661	1274
Dallas, TX	81	19387	19260	127	d2091	10687	1364
Trailways Southern	82	29614	25496	4118	1805	14540	1547
Dallas, TX	81	31377	27410	3967	3793	15813	1713
Trailways TAMIAMI	82	17329	17301	29	d784	9410	1037
Dallas, TX	81	19276	20945	d1670	d3453	12304	1174
Trailways Tennessee	82	14878	14506	373	d195	7554	842
Dallas, TX	81	14503	14216	287	d355	8268	737
Trailways Texas	82	10135	8013	2121	1143	5735	564
Dallas, TX	81	10665	8619	2046	2926	6220	602

has the potential to levy an inordinate impact on bus patronage usage in Arkansas.

BUS PATRONAGE OBSERVATIONS

Unlike air passengers, only a limited amount of bus patronage data are available, but these data contain numerous public implications regarding buses in the U.S. and Arkansas. More specifically, bus transport provides service to over 16,000 locations in the United States, while for-hire aviation serves only 700 points, and the majority of points served by buses, particularly in Arkansas, are small communities that have no alternative modes for service with the singular exception of the automobile.[12]

The combination of declining bus operating margins and increased capital replacement cost occurred simultaneously during the 1970s, a combination that impacts upon points served and fares charged. Ridership in the intercity passenger market may well constitute a public policy dilemma simply because of bus patronage. That is, a profile of bus patrons in the U.S. reveals that a majority of passengers earn less than $5,000 annually, and less than 9 percent of total passengers earn $25,000 or more annually — an income distribution just the opposite to that of air passengers. The public policy implication of low income patronage becomes even more apparent when age distributions are concerned. According to testimony presented before the U.S. Senate, a majority of bus passengers are 55 years of age or older, earn less than $5,000 annually, live in essentially small communities and rely extensively upon buses for transportation service.[13] This appears consistent with the fact that bus transport represents the dominant form of for-hire service used by many citizens of Arkansas for intercity travel.[14]

REGULATORY FRAMEWORK: U.S. AND ARKANSAS

To correctly assess the impact of the Bus Regulatory Reform Act on Arkansas, the institutional environment must be examined. Interstate bus transport was and remains subject to market entry, scheduling, and rate regulation by the U.S. Interstate Commerce Commission. This agency essentially controlled virtually all aspects of for-hire bus transport before 1982. Intrastate economic regulation in Arkansas was and remains within the administrative jurisdiction of the Arkansas Transportation Commission, the single agency that enforces Arkansas' statutes dealing with passenger bus regulation which for the most part conforms to the federal statutes existing before 1982.[15]

Critics of institutional regulation of buses contended that the industry could achieve financial soundness only by freeing market entry, permitting rate freedom, and abandoning marginal routes and schedules. Accomplishing this task requires a bus law that for the most part negates or diminishes the individual state's regulation of bus transport. Why did this rather unusual situation develop?[16] The answer is somewhat complex but under the Commerce clause of the U.S. Constitution and the Motor Carrier Act of 1935, intrastate regulation of bus transport is administered by the respective states, a situation that has existed since 1914.[17] Over the years intrastate and interstate regulatory practices and business operations became so involved that intrastate routes became entwined with interstate routes, yet fares and scheduling, together with market entry standards became more disparate. Or, states applied a higher standard of "proof of public convenience and necessity" than practiced at national levels. Also, many marginal intrastate routes connecting with interstate routes were maintained even though they impacted on carrier earnings. In short, two divergent levels of bus regulation and administration remain present in the area of passenger bus operations.

MAJOR PROVISIONS OF THE 1982 BUS ACT

The Bus Regulatory Reform Act of 1982[18] contains 30 separate provisions putatively designed to remove restrictive regulatory provisions from the bus industry. Three segments of the Act constitute the principal areas of impact upon Arkansas: (1) rate adjustments; (2) new entry standards; and (3) route abandonments. Each of these major provisions will be briefly examined. In the area of rates, the new law permits carriers to adjust intrastate rates up to the interstate level of rates under certain conditions. This provision was enacted by Congress because of differences existing between inter- and intrastate fares that evolved since 1935. Under the new Act, a carrier petitioning for an intrastate rate increase can appeal an adverse state regulatory decision directly to the I.C.C. for relief if the intrastate rate unduly burdens interstate commerce, a euphemism for rates not exceeding the short-run variable cost of providing service.[19]

Regarding route abandonments and schedules, the new law permits the abandonment of marginal intrastate routes that unduly burden interstate commerce. To abandon such routes the administrative process is initiated by the carrier at the state level and in the event that the appropriate state commission or agency rejects the abandonment application, the carrier can appeal to the I C.C. If the carrier's application is valid and can be substantiated, the I.C.C. can and will permit the abandonment.

The Bus Act of 1982 posits that the industry was not highly competitive given the relatively low economic threshold level of costs required to enter markets. A carrier desiring to enter the bus market as a charter or special service operator has only to successfully pass a fitness standard to enter the industry at the federal level. The burden of proof to exclude a proposed operation resides with carriers already in the market. At the state level, proof of public convenience and necessity — a difficult standard — remains in effect.

PUBLIC POLICY ISSUES

Congressional concerns regarding several major public policy issues were manifested in the 1982 Bus Act. These included (and still include) rate levels; service to small communities; and, route abandonments. Each of the issues is of major importance and impact upon bus service in Arkansas because of the demographic and economic structure of the state.[20]

The Bus Regulatory Reform Act of 1982 recognized the existence of an intrastate bus fare structure that had evolved over a long period of time and that essentially reflected discernible differentials from similar interstate fares. Indeed, a substantial difference between intra- and interstate rates evolved which directly diminished bus operating margins. A recent study conducted under contract for the U.S. Department of Transportation illustrates the magnitude of differences existing between state and federal passenger bus fares in 1978. This particular study found intrastate rates on certain routes under 400 miles to be 31 percent lower than fares for similar distances on interstate traffic, and almost 41 percent lower between selected cities on movements of 401-599 miles. Even though the levels of rates were dramatically different for the limited number of cities included in the study, a general feeling existed among some members of the bus industry that the pricing differential was a pervasive situation that existed in almost all states.[21] Conversely, some industry professionals perceive the fare differential phenomenon to be more of a cost accounting dilemma than a true pattern of cross subsidation of fares.[22]

Nevertheless, the Bus Act of 1982 contained a major provision by which carriers could seek and gain relief from unduly low rates brought about by adverse decisions rendered by state regulatory agencies. Section 17 of the Act permits direct appeals to the I.C.C. for intrastate rates that unduly burden intrastate commerce when an appropriate state agency fails to render a decision on a fare within 120 days from the time when an application for increased rates is filed.

To date, a considerable number of appeals have been filed with the I.C.C. In this regard, it is important to note that a rebuttable presumption exists that any intrastate bus rate, rule, or practice imposes an unreasonable burden on interstate commerce if the I.C.C. finds that: (1) the rate, rule, and practice results in the carrier levying an intrastate rate lower than a rate for comparable interstate service; (2) on the basis of carrier evidence that the result of a rate, rule, or practice does not generate revenues that exceed the variable cost of providing service; or (3) when the appropriate state agency fails to act on a rate, rule, or practice within 120 days after an application is filed. The Arkansas Transportation Commission has experienced a number of rate increase petitions since the 1982 Act was passed.

From Arkansas' bus industry perspective, virtually all segments of the Bus Act were polemical, but Section 16 dealing with abandonments is perhaps second only to fare increases in significance when considering the ultimate impact of future bus service in the state. Substantial costs may well have been incurred in maintaining some marginal intrastate routes and schedules within the state. Section 16 of the act provides a two-state process by which the I.C.C. can preempt a state regulatory agency's decision regarding proposed abandonments. Market exit decisions are difficult and complex from a regulatory perspective because of the interrelationship that evolved over the years between intra- and interstate routes. This problem has been exacerbated by interstate route abandonments that entail some marginal intrastate routes which together make a through route.[23] To resolve questions pertaining to intrastate segments of interstate routes, Section 16 provides a two-stage process by which the I.C.C. can preempt a state regulatory agency such as the Arkansas Transportation Commission's rulings regarding certain route abandonments. First, the exit policy of the Bus Regulatory Reform Act of 1982 posits that interstate carriers should be permitted to discontinue service on routes that fail to generate revenues which do not cover variable cost of service on a given route segment. In the second stage, the criteria for a bus carrier to satisfy this requirement is: (1) the bus company must be applying to discontinue service or reducing service to less than one trip per day, except Saturday or Sunday; (2) the proposed discontinuance or reduction in service must apply to both inter- and intrastate service; (3) the bus carrier must have applied to the appropriate state agency or agencies and those organizations failed to act within 120 days after the abandonment petition has been filed; (4) the bus company must not be owned or controlled by a governmental agency: and (5) the carrier proposing to discontinue service must notify the governor and appropriate state authorities of its intention to discontinue service. Unfortunately, or fortunately depending on the location affected, Arkansas experienced reduced or abandoned service to and from 25 towns served by Greyhound and Trailways.[24] These communities have populations ranging from 8,881 in Osceola to 75 in Gateway.[25] Twenty-six communities received new scheduled service from Twin Lakes Trails, but the new service does not replace points previously served by Greyhound and Trailways. A listing of communities experiencing service withdrawals and new service by bus are shown in Tables 2 and 3.

TABLE 2
COMMUNITIES LOSING REGULAR ROUTE INTERCITY BUS SERVICE IN ARKANSAS SINCE NOVEMBER 19, 1982

	Population	Carrier	Date Service Reduced 50% or more or Terminated
Glenwood	1,402	Trailways, Inc	December, 1982*
Kirby	-	"	"
Murfreesboro	1,883	"	"
Nashville	4,554	"	"
Mineral Springs	936	"	"
Mount Ida	1,023	"	"
Waldron	2,642	"	"
			(Service reduced 50% or more)
Osceola	8,881	Greyhound	January, 1983
Wilson	1,115	"	"
Joiner	725	"	"
Scott	-	"	"
Keo	208	"	"
England	3,081	"	"
Tucker	-	"	"
Sherrill	161	"	"
Gateway	75	"	"
Eureka Springs	1,989	Trailways	"
Berryville	2,966	"	"
Green Forest	1,609	"	"
Alpena	344	"	"
Valley Springs	190	"	"
Pindall	-	"	"
St. Joe	-	"	"
Marshall	1,595	"	"
Leslie	501	"	"
Clinton	1,289	"	"

*Date service terminated

Prepared by the Arkansas Transportation Commission

POTENTIAL IMPACT OF THE 1982 BUS ACT ON ARKANSAS

Any meaningful analysis of the ultimate impact of the 1982 Bus Act on Arkansas in terms of industry performance and operating data probably should not be realistically attempted for another four or five years, at which time sufficient experience will permit an assessment of the legislation's near-term impact. However, the initial impact of the Bus Act does permit a sufficient base upon which certain issues and impacts can be gleaned. These include: (1) small community service; (2) rates; (3) market entry; (4) route abandonments; (5) patronage. Each area will be briefly evaluated.

TABLE 3
NEW BUS SERVICE IN ARKANSAS
STARTING IN DECEMBER, 1982

Community	Population
Mountain Home	7,447
Salesville	406
Norfork	399
Calico Rock	1,046
Mountain View	2,147
Drasco	-
Tumbling Shoals	-
Heber Springs	4,589
Rose Bud	202
El Paso	-
Hardy	643
Highland	-
Ashflat	524
Agnos	230
Glencoe	-
Salem	1,424
Viola	362
Gepp	-
Gassville	859
Flippin	1,072
Cotter	920
Yellville	1,044
Snow	-
Pyatt	217
Harmon	-
Bellefonte	393

Prepared by the Arkansas Transportation Commission

Small Community Service. Each transportation act debated and subsequently enacted by Congress since 1976 contains provisions relating to transport service to and from small communities.[26] Oversight provisions were contained in the Bus Act providing for periodic congressional review. Given the limited scheduled air service available within Arkansas, and only limited rail passenger service, any provision dealing with small communities is of obvious importance to Arkansas for several reasons. First, the state is essentially composed of small communities and has a low population density. Second, Arkansas' population classified by age distribution reveals an older population in each of the four geographical sectors of the state. Third, per capita income is low in Arkansas. Fourth, and last, bus transport to and from small communities represents the primary mode of transport for Arkansans using for-hire service because of the miniscule amount of scheduled rail and air passenger service. To date, Arkansas has suffered a loss of service or reduced service to many communities that can be classified as small, an action that affects both freight and passengers.[27]

Rates. Since the 1982 Act became law, several intrastate rate increases have been filed with the Arkansas Transportation Commission.[28] These petitions have successfully achieved rate parity with interstate fare levels. Increases will continue to occur because of declining operating margins in the bus industry. Based on rate data examined by the U.S. Senate, fares may well ultimately increase 35 to 40 percent on intrastate traffic, thereby requiring larger outlays for both passenger and freight patrons. Combine low income, old age, low population density, no transport alternatives, and declining operating margins and it is obvious that future increases will levy an inordinate impact on Arkansas' users.

Market Entry. Previous restrictions upon market entry have been lifted with respect to some intrastate traffic. The primary purpose of new and liberalized entry standards is to encourage new operators to enter the intercity bus market at the federal level of commerce. Although hundreds of new operating companies have entered this market since 1982[29] all are licensed as charter or specialized carriers not necessarily providing scheduled service.[30] Regarding regular route operators, Arkansas and other states have not relaxed entry standards on purely intrastate traffic; so the only new service available to the public is either charter operators or modified new service by existing operators licensed to serve before 1982.

Route Abandonment. Service has been discontinued or reduced to many cities and communities previously served by the Greyhound and Trailways companies.[31] Service to new cities has been added, but for abandoned communities, access to both national and state markets may well be curtailed. Given the complex interrelationship between inter- and intrastate routes, together with declining bus operating margins, even more routes in Arkansas may be discontinued in the immediate future. Carriers presently being attracted to the bus market are specialized operators and probably have little if any interest in providing regular route scheduled bus service.

Ridership. Because of declining profits and increasing capital equipment costs, additional routes will be abandoned within the state and fares will more than likely continue to increase; therefore, the ultimate impact on bus patronage within Arkansas will be substantial. What alternatives exist for Arkansans who depend on buses for intercity and commuter service? Is it only the privately owned automobile? But, because of older age, low incomes, and perhaps even driving limitations, the majority of bus customers in Arkansas truly have few realistic alternatives to bus transport. For the service that remains, fares will probably continue to increase thereby imposing an even larger burden on older and less affluent citizens of the state.

SUMMARY AND CONCLUSIONS

The Bus Regulatory Reform Act of 1982 represents a milestone in terms of industry impact and performance and hence will eventually levy an inordinate impact on Arkansas consumers of bus service. This manuscript examined the bus industry from a macro perspective and assessed its preliminary impact on Arkansas. Essentially, the Act will assume jurisdiction over some purely intrastate activities in the areas of market entry, fares, and abandonments. In this preliminary analysis several parts of the Act were examined, and an attempt to glean certain inferences and implications to Arkansas riders of for-hire bus service was made. Even though all parts of the 1982 Bus Act's provisions are significant, the largest impact upon Arkansas will be in the areas of fares, route abandonments, and service to small communities.

Preliminary data indicates that service to many small communities will continue to decline or be abandoned. Federal-state regulatory relationships, moreover, have changed dramatically with federal jurisdiction being extended to purely state matters. While the Act was designed to increase efficiency in the industry, the end result may well be detrimental to many Arkansans'. That is to say, intrastate fares may well continue to increase and many small communities may be abandoned, unprofitable routes may be discontinued, as well as scheduled service being replaced by charter service — a service which is not comparable to regular route service. Given certain demographic patterns in Arkansas, when combined with bus patronage throughout the U.S., the Bus Regulatory Reform Act of 1982 may well levy a detrimental impact upon citizens in this state during both the short- and long-run periods.

The Bus Act of 1982 contains oversight provisions, so Arkansans' would be well advised to carefully monitor the future levels of rates, new or dropped service, as well as the dependability and performance of new operators that may be attracted to the Arkansas market.

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[1] Compiled from U.S. Department of Commerce, *Statistical Abstracting of the United States: 1981* (Washington: U.S. Government Printing Office 1982). Consult this publication for Arkansas demographic data. Rail passenger service in the state is limited to one AMTRAK route.

[2] Compiled from U.S. Interstate Commerce Commission, *Annual Report: 1982*, (Washington: U.S. Government Printing Office, 1982).

[3] Florida deregulated intrastate transportation in 1980 and Arizona passed a referendum deregulating transportation in 1981. For a review of the early impact of both actions, see Richard Beilock and James Freeman, "Carrier and Shipper Perceptions of Motor Carrier Deregulation in Florida," *Proceedings - 23rd Annual Meeting: Transportation Research Forum*, (Oxford, IN: Richard B. Cross Co., 1983). pp. 250-257, and statement of David Shrock, before the *Motor Carrier Ratemaking Study Commission*, Phoenix, AR, December 10, 1981.

[4] U.S. Congress, *Bus Regulatory Reform Act of 1982*, Senate Report No. 97-411 (1982), p. 2309.

[5] Supra, note 2.

[6] *Ibid.* Also consult: U.S. Senate Hearings before the Subcommittee on *Commerce, Science, and Transportation*, Serial No. 95-29, (Washington: U.S. Government Printing Office), pp. 38-39.

[7] Data compiled from correspondence with the American Bus Associated, Washington, DC 20036, September, 1983.

[8] Supra, note 3.

[9] Supra, note 6.

[10] American Bus Association, *Bus Facts*, 1982, (Washington, DC: American Bus Associated), p. 5.

[11] Correspondence with Arkansas Transportation Commission, September 3, 1983.

[12] Supra, note 6, p. 2323, In most of Arkansas the choice is between auto and bus. Because the state lacks major concentrations of people, reliance upon bus transport evolved over the years.

[13] Compiled from U.S. *Senate, Serial No. 95-29* (Washington: U.S. Government Printing Office, 1982), and U.S. Congress, Committee on Commerce, Science, and Transportation *Financial Conditions in the Intercity Motor Bus Industry*, U.S. Congress, 2nd Session (Washington, D.C., U.S. Government Printing Office, 1972).

[14] Small community service studies are abundant in the literature and each appears to support a particular point of view. For a good treatment of bus and service to various communities, refer to Forrest Harding and Martin T. Farris, *Passenger Transportation*, (Englewood Cliffs, NJ: Prentice Hall, Inc., 1978); and Ronald F. Wood and James C. Johnson, *Contemporary Transportation*, (2nd ed.; Tulsa, OK: Penwell Publishing Co., 1983), chapter 5.

[15] Contrast 49 U.S.C. 10700 and related sections with Arkansas Motor Carrier Act, (Act 397 of 1955).

[16] For a harbinger of the 1982 Bus Act, see U.S. Congress, Committee on Commerce Science, and Transportation, *Financial Conditions of the Motor Carrier Industry*, Hearings before the Subcommittee on Surface Transportation (Washington: U.S. Government Printing Office).

[17] The state of Pennsylvania initially regulated intrastate bus service in 1914. Also, see U.S. Interstate Commerce Commission, *The Intercity Bus Industry: A Preliminary Study*, (Washington: U.S. Government Printing Office, 1978), chapters 1-2.

[18] U.S. Congress, *Public Law 97-261*, 96 stat. 1105 (September 20, 1982).

[19] Consult U.S. Department of Transportation, *An Analysis of Intercity Bus Fares Under Varying Conditions*, (Burlington, MA: Transportation System Center, 1981), p. 432 for an example of the differences existing between inter- and intrastate fares.

[20] Arkansas ranks 37th of the 50 states in terms of population density per square mile, has limited passenger service, and presently has one of the lowest per capita incomes in the U.S. In this regard, bus patronage profiles aptly describe the economic conditions of many bus riders in Arkansas.

[21] *An Analysis of Intercity Bus Fares Under Varying Conditions, Loc. cit.*

[22] Bus operators have inherent problems of joint cost. The crucial question from a cost perspective is one of allocating joint cost between types of service offered by bus carriers.

[23] U.S. Department of Transportation, Aero Space Systems, Inc., *An Analysis of Ease of Exit from Providing Intercity Regular Route Bus Service*, (Burlington, MA: Transportation Systems Center, Report No. ASITR77-42, 1977).

[24] Correspondence with Arkansas Transportation Commission, August 23, 1983.

[25] *Ibid.* Abandoned points were primarily in the northern section of Arkansas.

[26] For a brief examination of small community service and congressional interest, see Grant M. Davis, *Motor Carrier Economics, Regulation and Operation*, (Washington: University Press of America, 1981), chapter 2.

[27] Supra, note 25. Interestingly, some of the more vociferous complaints were not filed by passengers but by shippers of small freight packages.

[28] To date, 3 rate increases have been filed with the Commission.

[29] Correspondence with American Bus Association; August, 1983).

[30] Gleaned from review of Federal Register, September 1982 through August 1983.

[31] Supra. note 25.

IRS ENFORCEMENT OF REGULATIONS PERTAINING TO THE TAX DEDUCTIBILITY OF CORPORATE GRASSROOTS LOBBYING: A CRITICAL ESSAY

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"We are not the bosses of the taxpayers; they are ours." — T. Coleman Andrews (Director, Internal Revenue Service, 1955)

The First Amendment of the Constitution of the United States establishes clearly the principle that "Congress shall make no law . . . abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the government for a redress of grievances."[1] With equal clarity the Fourteenth Amendment provides that citizens of the United States shall not be denied "the equal protection of the laws."[2] Furthermore, the Supreme Court has ruled that corporations, though not "citizens", are "persons" and thereby entitled to constitutional guarantees.[3] However, ineffectual Internal Revenue Service enforcement of regulations pertaining to the tax deductibility of corporate grassroots lobbying undermines these guarantees.

With the passage of H.R. 10650 — the Revenue Act of 1962 — Congress instituted a new era in the tax treatment of corporate lobbying. Section 3 of the act made deductible the following:

> . . . cost relating to appearances before, presentation of statements to, or communications sent to a legislative body, a legislative committee or individual legislator, if the expenses are otherwise ordinary and necessary business expenses.
>
> . . . the portion of dues paid to an organization which are used for similar legislative expenses to the extent they are related to the businesses of its members.
>
> . . . the communication of information between the taxpayer and the organization with respect to legislation . . . .[4]

The same section disallowed deductions for ". . . expenses incurred for advertising or for attempts to influence the general public, or segments of the public . . . ."[5] The substance of this legislation is embodied in Section 162(e) of the Internal Revenue Code.

Section 162(e)(2)(B) prohibits tax deductions for any expenditures "in connection with any attempt to influence the general public, or segments thereof, with respect to legislative matters, elections, or referendums."[6] Statutorily, subsection (2)(B) is a limitation of deductions allowed in Section 162(e)(1), subparagraphs (A) and (B):

> (1) *In general.*-The deduction allowed by subsection (a) shall include all the ordinary and necessary expenses (including, but not limited to, traveling expenses described in subsection (c)(2) and the cost of preparing testimony) paid or incurred during the taxable year in carrying on any trade or business—(A) in direct connection with appearances before, submission of statements to, or sending communications to, the committees, or individual members, of Congress or of any legislative body of a State, a possession of the United

> States, or a political subdivision of any of the foregoing with respect to legislation or proposed legislation of direct interest to the taxpayer, or (B) in direct connection with communication of information between the taxpayer and an organization of which he is a member with respect to legislation or proposed legislation of direct interest to the taxpayer and to such organization, and that portion of the dues so paid or incurred with respect to any organization of which the taxpayer is a member which is attributable to the expenses of the activities described in subparagraphs (A) and (B) carried on by such organization.[7]

Section 162(e)(2)(B) is augmented by numerous IRS revenue rulings having the force of law and intended to clarify the meaning of the language of the statute.[8] However, as is noted in the *Cardozo Law Review*: "The Treasury regulations offer faint illumination, and, for the most part, merely restate the language of the section."[9]

By making a distinction between expenditures for "direct lobbying" — that communication intended for "legislators" — and "grassroots lobbying" — that communication intended for members of the "general public" — Congress departed from the premise of "tax neutrality" that had prevailed in the thinking of lawmakers during the first half of the twentieth century. The premise holds that the federal government should maintain a hands-off policy with respect to the issuance of tax deductions for corporate lobbying.

The Supreme Court reaffirmed the premise of tax neutrality in the 1959 *Cammarano* decision.[10] The case before the Court had to do with the application of Treasury Regulations 111, §29.23 (o)-1 and (q)-1 to the deductibility of expenditures made in connection with grassroots efforts to influence the outcome of referendums in the states of Arkansas and Washington. Both (o)-1 and (q)-1 disallowed deductions for expenses connected with "the promotion or defeat of legislation" — (o)-1 applying to individuals and (q)-1 applying to corporations.[11]

The petitioners, one an individual and the other a corporation, presented the following arguments against the regulations to the Court:

> (1) that the Regulations cannot properly be construed as applicable to expenditures made in connection with efforts to promote or defeat the passage of legislation by persuasion of the general public or opposed to direct influence on legislative bodies, that is "lobbying";
>
> (2) that in any case the Regulations are inapplicable to expenditures made in connection with initiative measures;
>
> (3) that if construed as applicable to the facts here presented the Regulations are invalid as contrary to the plain terms of §23(a)(1)(A) of the 1939 Code and possibly as unconstitutional under the First Amendment.[12]

The Court rejected each of the contentions and in a concurring opinion Justice Douglas made what has come to be regarded as a classic statement on the issue of tax deductibility of corporate lobbying: "(Congress) has not undertaken to penalize taxpayers for certain types of advocacy; it has merely allowed some, not all, expenses as deductions. Deductions are a matter of grace, not of right."[13] Addressing the possibility of conflict with First Amendment rights, Douglas stated that "a complete hands-off policy on the part of the government is at times the only course consistent with First Amendment rights."[14]

There are two main reasons for the decision by Congress to abandon the hands-off policy of the past. First, Congress wanted to create an equilibrium between the tax treatment of corporate lobbying by the executive and judicial branches of government, where lobbying was and is deductible, and the legislative branch, where it had not been deductible.[15] Second, Congress wanted to increase the flow of information from the business world so that Congress could receive information commensurate with that provided the other branches of government.[16] The second reason indicates a recognition by Congress of the essential role of present-day lobbying to the democratic process. As correspondent James Deakin suggests:

> The interplay of special interests in the formation of laws is considered one of the strengths of democracy. It is vital to the survival of the democratic system that groups with well-defined interests — business and industry, labor, farmers, veterans, teachers, professional men, women's groups and so on — have a way of communicating with the legislature.[17]

However desirable it is to have a free flow of information from business to government or business to the public, there is a fundamental injustice brought about by the inability of the Internal Revenue Service to enforce the applicable laws and regulations. The nature of this injustice is discussed in the *Catholic University Law Review*:

> To the extent that a corporation improperly deducts its grassroots lobbying expenses, it gains an unfair advantage over other businesses and over individual taxpayers for whom these expenses are also nondeductible.[18]

Of course, the degree of injustice brought upon other businesses and individuals is linear to the extent that the more a corporation deducts the more the advantage it gains in terms of its ability to purchase more space and time in the media. Congress was neither unaware of nor insensitive to the problem in 1962. Foreseeing the problem of IRS enforcement of lobbying regulations, Senator Douglas of Illinois warned:

> It (Section 3 of the Revenue Act of 1962) would introduce novel distinctions into the tax law, producing new requirements difficult for the Internal Revenue Service to administer. The specific language in which the deduction is cast contains ambiguities which will create continuing uncertainty as to its exact meaning, and, most important, the relationship of this provision to the whole process by which our citizens seek to influence the enactment of legislation at all levels of government was not adequately considered.[19]

The difficulty of IRS enforcement is most acute in the area of grassroots lobbying. In the last twenty years the scope of grassroots lobbying has grown from relatively minimal to massive proportions. Some observers place the dollar amounts spent on grassroots lobbying efforts in the billions.[20] James Deakin summarizes the prevalence of grassroots lobbying and its impact on contemporary policy-making:

> Indirect pressure, also known as grassroots lobbying, is one of the prime techniques of modern lobbying. In terms of the money spent and the impact on the public interest, it is the most important technique. It has the greatest effect on the legislator simply because it involves a large number of actual or potential votes.[21]

Congressional intent is clear on the point that this type of corporate advocacy should be nondeductible. Further, recent

Supreme Court decisions have upheld the validity of the laws restricting the deductibility of corporate lobbying. One wonders, then, why the IRS is incapable of enforcing the laws.[22] Additionally, one wonders what implications IRS inability to enforce the laws has in terms of equity to those who would engage in such activities.

Addressing the question of why the IRS cannot enforce the laws, the following reasons have been advanced:

> 1) As mentioned above, the ambiguity of the language of the laws creates problems of administration;
>
> 2) There is a question of IRS resolve in enforcing the laws;
>
> 3) The IRS auditing procedures are inappropriate for determining noncompliance with the regulations;
>
> 4) The IRS lacks the investigatory resources to track down violators.[23]

The problem of enforcement is compounded by the apparent inability of corporations to police themselves. While in many cases there seems to be brazen disregard for the laws on the part of corporations, in other cases corporations are simply unable to determine what constitutes deductible expenditures and what expenditures are not deductible. Since the IRS places the burden of proving the deductibility of communications on the corporation, this leads to numerous unintentional violations of the tax code.[24] An example of how IRS inability and corporate negligence combine to increase noncompliance with the tax code involves trade associations. Trade associations are responsible for a considerable amount of grassroots lobbying, which they do in behalf of their members. Yet, of nearly forty-four thousand that were active in the United States from 1975 to 1976, the IRS had tax information on less than half of them.[25] In his testimony in hearings held before the House of Representatives Subcommittee of the Committee on Government Operations, Harvey J. Shulman cited two factors contributing to the problem of enforcement that are specific to the interaction of corporations and trade associations:

> In a great number of situations, lack of communication with a trade association, to which the corporation contributes dues, is a critical factor.
>
> Trade associations may not themselves keep account of grassroots lobbying. Even if they do, they may not regularly report them to their members who are obviously unable to account for the portion of dues that is not deductible.[26]

Since corporations are expected to pay taxes for the amount of trade association dues that might reasonably be expected to go to grassroots lobbying efforts, it is easy to see why their inability to obtain information on the activities of these associations leads to noncompliance with Section 162(e)(2)(B). The problem does not end with trade associations though. A further indication of the laxity of IRS administration of the tax code is seen in the IRS Commissioner's response to an inquiry by Senator Philip Hart, who at the time was chairman of the U.S. Subcommittee on the Environment. Concerned with corporate grassroots lobbying violations on energy and environmental issues, Senator Hart questioned the Commissioner about the degree of noncompliance with Section 162(e)(2).[27] The Commissioner responded that: "We do not maintain detailed statistical information providing such data."[28]

It is clear from the evidence that a pattern of abuse of the tax code exists and that the IRS is unable to enforce the sections dealing with grassroots lobbying. It is also clear that the Treasury is losing millions of dollars in revenue from noncompliance with Section 162(e)(2).[29] But, a larger concern is the effect this situation has on those who are equally responsible for complying with the laws but who lack the resources to circumvent them. While it is not the intent of this essay to argue any inherent culpability of the denial of tax deductions as a legal approach — that is, the writer can accept philosophically either the situation of tax neutrality whereby all lobbying deductions are denied or a situation whereby all lobbying expenditures are allowed as deductible — it is contended that in any situation where the enforceability of laws creates inequity there are questions of constitutional magnitude. By inequitably enforcing the laws of grassroots lobbying, the IRS is clearly infringing upon the rights of citizens and corporations with respect to the First and Fourteenth Amendments as delineated in the following paragraphs.

First, there is an abridgement of the freedom of speech. If a large corporation, simply due to its legal resources, can circumvent the law and thereby avoid payment of taxes that one as an individual or small corporation must pay as well, then it is gaining an advantage in the amount of communication and communication channels it can purchase.

Second, there is an abridgment of the freedom of the press. The reasoning is the same as with the abridgement of the freedom of speech. The more money an entity can divert from the payment of taxes, the more that can be spent on grassroots lobbying if that is what one chooses to spend the money for. Inversely, this affects the relative access to the press of smaller corporations and individuals who lack the resources to circumvent the payment of taxes.

Third, there is an abridgement of the right of the people to petition the government. The Constitution does not place limitations on the means people use to petition the government. Therefore, though one might argue that the persuasion of people to write their Congressmen is not a right of petition (it is a right of free speech, however), it is the right of the people to have access to this means whatever the form it comes in. If corporations are dissuaded from conducting this type of campaign because they can spend their money more effectively in areas where they can receive deductions, then this equals a curtailment of the right to petition.

Finally, to the extent that the unenforceability of a law gives one party more rights (vis-a-vis their ability to circumvent the law) there is an absolute denial of equal protection provided for in the Fourteenth Amendment. As with First Amendment rights discussed in the preceding paragraphs, this essay argues that equal protection is an absolute right that should outweigh any other compelling interest of the State or citizens.

Therefore, as Shulman suggests, the government's "involvement (in the limitation of deductions for certain types of advocacy) should attempt to decrease the imbalance in the ability of protagonists to do battle in the marketplace of ideas."[30] The desirability of this goal was noted also by the *Cammarano Court*: ". . . since purchased publicity can influence the fate of legislation which will affect, directly or indirectly, all in the community, everyone in the community should stand on the same footing as regards its purchase as far as the Treasury of the United States is concerned."[31] Further, enforcement of the applicable laws and regulations is the key to the maintenance of this equity and our fundamental liberties:

> . . . only through enforcement will we be able to maintain the superficial equality of the hands-off Government policy which prohibits corporate and individual taxpayers

from taking tax deductions for referendum propaganda.[32]

The history of Internal Revenue Service enforcement of Section 162(e)(2)(B) and accompanying rules and regulations is one of futility and discrimination. Nor does the future of IRS enforcement seem particularly bright, as is suggested by Scott Beeken:

> . . . due to the evolving nature of the law in this area, the guidelines stated herein will likely be recast several more times in the future before they can be said to be fully 'set in stone.'[33]

Beeken further indicates the impact this will have on taxpayers: "In the meantime, taxpayers will have to face the proverbial 'gray areas' of the law more often than they will probably desire."[34]

The point argued in this essay is that taxpayers should not have to face these "gray areas" if it means that they lose portions of their liberties in the process. Until the laws can be enforced effectively and equitably, all taxpayers should have the "same footing" with respect to tax deductions for grassroots lobbying. The most equitable way of achieving this end at the present time is to extend the deductions of Section 162(e)(1) to include grassroots lobbying. By so doing, large corporations with large staffs of accountants and lawyers will no longer have an unfair advantage over individuals and small corporations who must rely on the letter of the law in determining the deductibility of their advocacy campaigns. True, large corporations will always have an advantage over those with less resources, but the advantage will not come from a subsidy from the federal government via improper tax deductions. Therefore, by allowing everyone deductions, the government will be removed from the position of adjudicating the granting or denying of constitutional guarantees, which is a position it has no right to have.

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[1]U.S., *Constitution*, amend. I. In its entirety, the amendment reads: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

[2]U.S., *Constitution*, amend. XIV, sec. 1. In its entirety, the section reads: "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny any person within its jurisdiction the equal protection of the laws."

[3]Anne M. Krauskopf, "Influencing the Public: Policy

Considerations Defining the Tax Status of Corporate Grassroots Lobbying," *Catholic University Law Review* 28 (Winter 1979): 319.

[4] U.S., Congress, House, Summary of H.R. 10650, the Revenue Act of 1962 (Including Effect of Committee Amendments), 87th Cong., 2nd sess., 2 April 1962, Congressional Record 108:5429.

[5] IBID.

[6] U.S., Congress, House, Committee on Government Operations, *IRS Administration of Tax Laws Relating to Lobbying (Part 1), Hearings before a subcommittee of the House Committee on Government Operations*. 95th Cong., 2nd sess., 1978, p. 1000.

[7] IBID, pp. 999-1000.

[8] For a discussion of these rulings see Scott H. Beeken, "A Tax Practitioner's Primer on Grassroots Lobbying," *Taxes* 59 (February 1981): 93-96.

[9] Robert W. Cleveland, "Grassroots Lobbying and the Public's Right to Hear: First Amendment Implications of I.R.C. Section 162(e)(2)(B)," *Cardozo Law Review* 2 (1981): 602.

[10] Cammarano v. United States, 358 U.S. 498 (1959).

[11] IBID.

[12] IBID.

[13] IBID.

[14] IBID.

[15] *Catholic University Law Review*, 330-331.

[16] IBID, 327-328.

[17] James Deakin, "A Washington Correspondent Looks at Lobbying," *American Government: The Clash of Issues*, 4th ed. (Englewood Cliffs, N.J.: Prentice-Hall, 1972), James A. Burkhart, Samuel Krislov and Raymond L. Lee, eds., p. 167.

[18] *Catholic University Law Review*, 314.

[19] U.S., Congress, Senate, Senator Douglas speaking against Section 3 of H.R. 10650, 87th Cong., 2nd sess., 27 August 1962, *Congressional Record* 108:17768.

[20] *Hearings*, p. 2.

[21] Deakin, p. 166.

[22] For a discussion of the IRS inability to enforce the provisions of Section 162(e)(2)(B), see the Statement of Harvey J. Shulman in *Hearings*, pp. 41-179.

[23] *Hearings*, pp. 7-16.

[24] IBID, p. 2.

[25] IBID.

[26] IBID, p. 7.

[27] IBID, p. 12.

[28] IBID.

[29] IBID, p. 7.

[30] IBID, p. 9.

[31] *Catholic University Law Review*, 325.

[32] *Hearings*, p. 16.

[33] Beeken, p. 94.

[34] IBID.

DIVIDEND POLICIES AND PRACTICES OF CANADIAN CORPORATIONS — RESULTS OF A SURVEY

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INTRODUCTION

Corporate dividend policy determines the relative proportions of earnings to be distributed to company shareholders and to be retained and reinvested in the business. It is an important corporate decision, because it affects the firm's capital structure, liquidity, cost of capital, and investors' satisfaction. This is an empirical study of attitudes of management to certain aspects of this important area of decision making. The study is based on the responses to two questionnaires. The first took place in June 1971 and was sent to 262 firms with a response rate of 58 percent. The second was sent in June 1981 to 260 firms and had a response rate of 60 percent. The survey is an attempt to discover the "corporate preferences" with regard to dividend decisions and policies during the 1960s, the 1970s, and the present decade.

The information obtained about the designations of those responding to the questionnaires indicates that the questions received attention at an appropriately high level.[1]

FREQUENCY OF DIVIDEND PAYMENTS

During the 1960s and 1970s, the majority of the responding companies paid cash dividends to their shareholders on a quarterly basis, as shown in Table 1. The months with the largest number of dividend payments are March, June, September, and December. These findings correspond with the results of the Morgan study.[2] That pattern is expected to continue in the future, as can be seen from Table 1.

For the frequencies used in dividend payments, some companies paid regular dividends plus an extra dividend once a year. Others paid preferred dividends quarterly or semi-annually and paid dividends on common stock annually. Still others paid the preferred dividend annually and dividends on common stock quarterly. Few practiced irregular dividend payments. Some firms pursued reg-

TABLE 1
FREQUENCY OF DIVIDEND PAYMENTS

	1960s		1970s		Future Practice	
Method Used	Number of Companies	%	Number of Companies	%	Number of Companies	%
Quarterly	105	71	131	77	113	77
Semi-Annually	18	12	23	13	19	13
Annually	15	10	11	6	11	7
Other Methods	10	7	6	4	4	3
Total	148	100	171	100	147	100

ular dividend plus extra dividend for a number of periods then changed to a cash dividend plus a stock dividend and changed again to no dividend at all for some periods. Few firms said that they changed from semi-annual payments to quarterly payments.

Firms that practiced irregular dividend policies gave the following explanatory remarks:

> (The Board of Directors) "Decisions will reflect the composition and interests of this body at any given time and may well be at odds with operating management."

> "Dividend declared by the Board of Directors of funds available after such earnings as needed for reinvestment have been considered."

CORPORATE PREFERENCES REGARDING THE BASIC FEATURES OF DIVIDEND POLICIES

The most important desirable feature mentioned and highly ranked by the majority of the respondents was the maintenance of a continuous record of dividend payments.

Seventy-seven percent of the respondents for the 1960s and 74 percent for the 1970s ranked this factor first as shown in Table 2 and generally anticipated that it will continue to be the most important consideration in the future. Stability of dividend payments received the second ranking and size had the least relative importance. The same rankings for the three factors are expected to prevail in the next decade.

These results are similar to the results of a study of U.S. corporations done by Thompson and Welsh in 1963.[4] Emphasis on the continuity of dividends reflects the effort to build good relations with investors in general and the firm's own stockholders in particular. The preference for a stable dividend payment is more subtle. There is the widely known reluctance of corporations to cut dividends, except in most desperate conditions. Hence, corporate executives would avoid increasing the existing dividend until the time they are confident that the increased rate can be maintained in the future. There is also a belief that shareholders have a preference for stable dividends.[5] Only a small minority of the companies emphasized size as the most important factor. These companies stated that their shareholders should be rewarded with generous dividends in good and prosperous years in order to make up for depressed and unprofitable years when little or no dividend is paid.

TABLE 2
RELATIVE IMPORTANCE OF CONTINUITY, STABILITY AND SIZE OF DIVIDENDS

	Frequency of ranking in percentages									Total Number of Respondents			Relative Weighted Importance[3]			
	First			Second			Third									
Factors	60s	70s	Fut	60s	70s	Fut	60s	70s	Fut	60s	70s	Fut	60s	70s	Fut	Rank
Continuity	77	75	75	20	22	20	3	3	5	112	95	85	50	51	45	1
Stability	23	15	28	56	58	63	27	27	19	88	66	80	29	25	33	2
Size	8	11	11	27	24	24	65	65	65	88	84	75	21	24	22	3

CONSIDERATIONS IN LONG-TERM DIVIDEND DECISIONS

The companies were asked to rank 13 given factors according to their relative importance to dividend decisions. The ranking of these factors for the 1960s and 1970s is given in Table 3. The most important factors considered by corporate management in dividend decision, ranked by importance, in 1960s were: past and prospective earnings; relations with shareholders; cash availability; and relations with the investment community. In the 1970s three of these four factors were still the most important ones, but the fourth was dropped and replaced by "to enhance share value". Also "cash availability" which ranked 3rd in the 1960s and 2nd in the 1970s was considered by management to be more important in the 1970s than "relations with shareholders".

The rest of the factors had much lower effect on the dividend decision.

TABLE 3
CONSIDERATIONS IN DIVIDEND DECISIONS RANKED ON THE BASIS OF NUMBER RESPONDING FIRMS AND BY WEIGHTED PERCENTAGES OF RESPONDENTS

		Ranked Based On			
		number of respondents		weighted percentages	
Factor		1960s	1970s	1960s	1970s
1	Cash availability	3	2	3	2
2	Relations with investment community	4	5	5	5
3	Relations with shareholders	2	3	2	3
4	Shareholders' preference	5	6	4	6
5	To enhance share value	6	4	6	5
6	Shareholders depend on income from dividends	7	7	9	7
7	Follow the tradition	11	8	12	8
8	Past and prospective earnings	1	1	1	1
9	Tax position of shareholders	9	9	13	9
10	Restrictions in debt agreements	10	13	8	13
11	Dividend policies of similar companies	8	10	11	10
12	Dividend on preferreds	12	12	7	12
13	Existence of sinking or purchase fund provisions	13	11	10	11

Source: Appendices A and B.

DECISION ON DIVIDENDS OR REINVESTMENT AS PRIMARY OR RESIDUAL

In answering the question whether dividends or retained earnings or both would be affected more in a profit squeeze, 65 percent of the responding firms in 1960s, compared to 40 percent in 1970s said that it would be retained earnings rather than the dividend payment that would be affected. It seems that during the 1960s most companies chose dividends to be their primary decision, leaving the decision on reinvestment of profits as a residual one. However, during the 1970s more companies stated that a profit squeeze would affect both factors, as shown in Table 4.

TABLE 4
FACTORS AFFECTED BY A PROFIT SQUEEZE

	1960s		1970s	
Factors	No.	%	No.	%
Dividends	35	26	23	22
Retained Earnings	88	65	42	40
Both	12	9	40	38
Total respondents	135	100	105	100

FACTORS INFLUENCING DIVIDEND DECISION IN THE SHORT-RUN

The respondents were asked to rank six given factors on the basis of their importance as they apply to short-run dividend decisions. The results are summarized in Table 5.

It is clear from the responses that the three most important considerations that influenced annual dividend decisions in 1960s were the preservation of company finances, the cash position of the company, and the shareholders' preferences and needs in that order. However, during the 1970s shareholders' preferences which

TABLE 5
CONSIDERATIONS IN ANNUAL DIVIDEND DECISIONS RANKED ACCORDING TO NUMBER OF RESPONDENTS, AND WEIGHTED RANKING PERCENTAGES

		Ranking Based On			
		Number of Respondents		Weighted Ranking Percentages	
No.	Factor	1960s	1970s	1960s	1970s
1	Cash Position of the Company	2	2	2	2
2	Preserving the Soundness of the Company Finances	1	1	1	1
3	Shareholders' Preferences	3	5	3	5
4	Restrictions in Debt Contracts	4	3	4	3
5	Cost of Borrowing	5	4	5	4
6	Dividend Policies of Similar Companies	6	6	6	6

Source: Appendices C and D.

dropped to a much lower rank, was replaced by restrictions in debt contracts. This change can be explained by the change in business conditions from prosperity during the 1960s to recession during the 1970s. The remaining three factors were considered of much lower importance in annual dividend decisions.

CONDITIONS GOVERNING CHANGES IN DIVIDEND PAYMENTS

When asked about their practices as to when they would change the rate of dividends, the respondents in the 1960s as well as in the 1970s stressed that the past and present earnings were more important than prospective future earnings.

During both decades about 90 percent of the respondents stated that they would increase their dividend rate if earnings per share over the past few years went up; about 67 percent said they would increase the dividend rate if current earnings went up; and less than 60 percent of the respondents stated that they would do so if their earnings per share were expected to rise in the future.

The majority of the respondents were reluctant to reduce their dividend rate unless absolutely necessary. When the companies were asked about situations under which they would maintain the existing dividend payment rate, the majority of the respondents stated that they would continue the existing dividend per share if current earnings per share, and/or expected earnings per share remained unchanged. The companies were asked to show the direction of change in dividends per share under different situations. The answers are given in Table 6.

In the 1960s, over 70 percent of the respondents stated that they would have the proposed increase or decrease in dividends just once rather than spreading it over a few following years. In the 1970s, only 57 percent would have the dividend increase effected in one year, while 71 percent would have it spread over a few years. In the case of a decrease in dividends, during the 1970s, 90 percent of the respondents preferred to have it done once rather than spreading it over a few years. Therefore, during the 1970s, corporate management was more inclined to have a gradual increase in dividends, yet a large number of the respondents, 57 percent, preferred a one year increase. This policy tends to stabilize dividends over time.

Results from this study confirm those of Lintner, Darling and Davidson. While Lintner stated that the elements of inertia and conservation led to the stability of dividends, Darling[6] said that the career goals of top management were the important

TABLE 6
PROPOSED CHANGES IN DIVIDENDS PER SHARE REFLECTED IN ONE YEAR OR OVER FEW SUBSEQUENT YEARS DURING 1960S AND 1970S

		Situation if company is forced to:			
Proposed Changes		Increase 1960s	Div/share 1970s	Decrease 1960s	Div/share 1970s
In One Year	Yes	84 (70%)	48 (57%)	82 (71%)	80 (90%)
	No	36 (30%)	36 (43%)	33 (29%)	9 (10%)
Over Few Years	Yes	38 (44%)	57 (71%)	33 (30%)	20 (31%)
	No	48 (56%)	23 (29%)	62 (56%)	45 (69%)

factors leading to stable dividends. Davidson, as well, mentioned that dividend decisions were indirectly based on rational managerial behavior rather than valuation of the consumption stream.[7]

MAGNITUDE OF DIVIDEND CHANGE

Keith Smith,[8] in his increasing stream hypothesis of corporate dividend policy states that firms avoid dividend cuts in favor of uninterrupted streams of non-decreasing dividend payments to shareholders. They would make a single cut large enough so that subsequent cuts are avoided. In this study, the findings tend to indicate that when a company decides to increase dividends per share it would have the entire amount of the proposed increase in the dividends reflected in the dividend change for one year rather than having it spread over the subsequent few years, as shown in Table 6. Therefore, this study supports Keith Smith's hypothesis with respect to dividend cuts, but not with regard to the increasing stream hypothesis.

STOCK DIVIDENDS

The distribution of stock dividends has not been practiced frequently by Canadian corporations during the 1960s or 1970s. More than 80 percent of the responding companies never declared stock dividends during the two decades. The few firms that declared stock dividends, 22 companies, 15 percent, in the 1960s, and 18 companies, 16 percent in 1970s, did not change their cash dividends.

When these firms were asked about the reasons for declaring stock dividends they stated that stock dividends offered tax benefits to shareholders particularly those in high income tax brackets. This reason scored the highest ranking by almost all of the few firms that had declared stock dividends, as shown in Table 7. The second reason, in order of importance was "to conserve cash", then "to broaden ownership" received the third ranking.

The findings in this study are not in complete conformity with those obtained by Thompson and Welsh[9] for U.S. companies in which the reason most frequently cited for distributing stock dividends was the conservation of cash.

TABLE 7
REASONS FOR DECLARING STOCK DIVIDENDS

	Rank		Total number of respondents	
Reason	1960s	1970s	1960s	1970s
1 To conserve cash	2	2	7	9
2 To broaden ownership	3	3	6	6
3 To bring share price within a desired trading range	4	4	3	2
4 For tax benefits to shareholders	1	1	12	22
5 Loan agreement restrictions	5	5	1	1

INFORMATION VALUE OF DIVIDENDS

Some academicians such as Grunewald and Nemmers[10] believe that dividends do have information value. Also, Ang, Loab, and Watts[11] support the dividends informational content for investors. Aharony and Swary[12] support the hypothesis that changes in quarterly cash dividends provide useful information beyond that provided by corresponding quarterly earnings numbers. They support the semi-strong form of the efficient capital market hypothesis, in that the stock market adjusts in an efficient manner to new quarterly dividend information. Also, in Kwan[13] the position held was that, notwithstanding the inherent noise problem of empirical models, dividends were nontrivial and that empirical models are useful for identifying potential dividend information. Company managements were asked whether they should communicate information to shareholders on their future prospects through the dividends paid. The majority of responses were negative as shown in Table 8. In the 1960s 78 percent and in the 1970s 75 percent of the respondents denied that this was their intention. The majority of the respondents also, stated that they did not contend that shareholders view dividends as a reflection of future performance. The majority of the respondents, 91 percent in 1960s and 86 percent in 1970s, emphasized that shareholders do consider dividends as an achievement in the past performance of the firm. Thus the support for informational content of the dividend decision is not supported by this study.

TABLE 8
INFORMATIONAL VALUE OF DIVIDEND PAYMENTS

	Response				Total Number Responding	
	Yes		No			
	1960s	1970s	1960s	1970s	1960s	1970s
1 Should the company inform shareholders on future prospect through dividends?	29 (22%)	26 (25%)	103 (78%)	77 (75%)	132	103
2 Shareholders view dividends as a reflection of						
a) Future performance	48 (43%)	35 (40%)	64 (57%)	53 (60%)	112	88
b) Achievement in the past	118 (91%)	85 (86%)	12 (9%)	14 (14%)	130	99

TARGET AND ACTUAL DIVIDEND PAYOUT RATIOS

When the managements were asked whether they had a target or an ideal dividend payout ratio, 61 percent in 1960s, and 53 percent in 1970s answered that they did have a target payout ratio. The differences between the 1960s and 1970s results were not statistically significant. The majority of the responding companies who mentioned having a target dividend payout ratio stated that the dividend payout ratio for the 1980s would range from 30 to 60 percent, or an average of 45. It is interesting to note that over the years, the average dividend payout ratios for the Canadian[14] firms showed the following downward trend:

> 95 percent for 1938-39, 65 percent for 1940-49, 60 percent for 1950-59, and 54 percent for 1960-69.

SUMMARY

Canadian Corporations pay dividends, in cash rather than in stock, on a quarterly basis. Canadian Corporate managers assign a higher priority to the maintenance of a continuous record of dividend payment but they also consider dividend stability and size. They expect such dividend policies to continue in the future.

The most influential factors, in the long-run dividend decisions, in order of their importance, were: past and prospective earnings, availability of cash, and the maintenance of good relations with shareholders and the investment community at large. During the 1960s dividends were the primary consideration, and reinvestment was secondary. During the 1970s the order reversed probably because of the depressed business conditions that prevailed. According to corporate managers, dividends will likely have a lower priority compared to reinvestment decisions during the 1980s.

The factors that influenced dividend decisions in the short-run, in both the 1960s and 1970s, ranked in order of importance were the preservation of the firm's finances, its cash position, and the restrictions in debt contracts.

During the 1960s the majority of the respondents preferred to have proposed increases or decreases in their dividend rate effected as a single event rather than spread over subsequent years. However, they were reluctant to reduce their dividend rate unless absolutely necessary. However, in the 1970s, the increasing stream hypothesis gradually gained more popularity, although proposed one year dividend cuts did occur.

With respect to the information content of dividends, managements stated that dividends were not intended to communicate information to shareholders, on the future prospects of the firm. Managements believed that shareholders did not view dividends as a reflection of the firm's future performance, but rather as an achievement of the past performance.

Fewer than half of the respondents had no target or ideal dividend payout ratio. Dividend payout ratios for Canadian corporations have been falling gradually, from 95 percent in the 1930s, 65 percent in the 1940s, 60 percent in the 1960s, 54 percent in the 1970s and the results of the study indicate that they are expected to drop to about 45 percent in the 1980s.

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[1] Ninety-four percent of the respondents to the first questionnaire, and 93 percent of those responding to the second one were either company Presidents, general managers, Vice-Presidents, senior finance officers, treasurers, controllers, or corporate secretaries.

[2] I.G. Morgan, "Dividends and Stock Prices Behaviour in Canada", *Journal of Business Administration*, Vol. 12, No. 1, Fall 1980, pp. 91-105.

[3] Relative weighted importance, was calculated as follows:

Weighted feature, where the weighted feature is the sum weighted base total of the products of weights times the numbers responding under each rank; e.g. 1960s continuity = $(3 \times 86) + (2 \times 22) + (1 \times 4) = 306$, where 3, 2 and 1, are the weights assigned to first, second, and third ranks.

The weighted base total is the sum of the products of weights times total for each rank. In the case of 1960s, $(3 \times 113) + (2 \times 95) + (1 \times 80) = 609$. Thus, its relative weight $= \frac{306}{609} = 50$ percent.

[4] G. Clark Thompson and Francise J. Welsh, Jr., "Companies Stress Dividend Consistency", *Management Record*, National Industrial Conference Board, 25 (Jan. 1963) pp. 30-36.

[5] John Lintner, "Distribution of Incomes of Corporations Among Dividends, Retained Earnings, and Taxes", *American Economic Review*, 1956, pp. 99-100.

[6] P.G. Darling, "The Influence of Expectations and Liquidity on Dividend Policy", *Journal of Political Economy*, June 1957, p. 212.

[7] I. Davidson, "An Optimal Control Theory Framework for Intertemporal Dividend Change", *The Journal of Business Finance and Accounting*, April 1980, pp. 327-339.

[8] Keith Smith, "Increasing Stream Hypotheses of Corporate Dividend Policy", *California Management Review*, Fall 1971, Vol. XIV, No. 1, pp. 56-64.

[9] Thompson and Welsh, "Companies Stress," pp. 30-36.

[10] A.E. Grunewald and E.E. Nemmers, "Basic Managerial Finance", Holt, Rinehart and Winston, Inc., 1970, p. 406.

[11] See: Ang, J.S., "Dividend Policy: Informational Contest or Partial Adjustment", *Review of Economics and Statistics*, 1975, pp. 65-70; Laub, P.M., "On the Informational Contents of Dividends", *Journal of Business, 49*, Jan. 1976, pp. 73-106; Watts, R., "the Information Content of Dividends", *Journal of Business, 46*, April 1973, pp. 191-211.

[12] J. Aharony and I. Swary, "Quarterly Dividends Announcements and Stockholders' Returns: An Empirical Analysis", *The Journal of Finance*, Vol. 35, No. 1, March 1980, pp. 1-11.

[13] C.C.C.Y. Kwan, "Efficient Market Tests of the Informational Content of Dividend Announcements: Critique and Extention", *Journal of Financial and Qualitative Analysis*, Vol. 16, No. 2, June 1981, pp. 193-206.

[14] Bank of Canada, Statistical Summary, 1945-1962, and statistics collected by author for 1952-1969 for 100 firms.

APPENDIX A
RANKS GIVEN TO BASIC CONSIDERATIONS IN LONG-TERM DIVIDEND DECISIONS

	1960s		1970s	
Factor	Total Number of Respondents	Final Rank	Total Number of Respondents	Final Rank
1. Cash available	87	3	97	2
2. Relations with Investment	82	4	73	5
3. Relations with Shareholders	103	2	98	3
4. Shareholders' Preferences	71	5	66	6
5. To enhance share value	68	6	76	4
6. Shareholders depend on them for income	50	7	60	7
7. Follow the tradition	34	11	51	8
8. Past and future earnings	116	1	90	1
9. Tax position of Shareholders	45	9	60	9
10. Restrictions in debt agreement	35	10	56	13
11. Div. policies of similar companies	49	8	58	10
12. Div. on Preferreds	33	12	39	12
13. Existence of sinking or purchase fund provisions	33	13	29	11

APPENDIX B
REASONS FOR DIVIDEND PAYMENT RANKED BY WEIGHTING*

	1960s		1970s	
	Total Weight	Rank by Total Weight	Total Weight	Final Rank by Total Weight
1. Cash Available	1017	3	1162	2
2. Relations with the investment community	964	5	864	5
3. Relations with Shareholders	1032	2	1028	3
4. Shareholders' preferences	1006	4	908	6
5. To enhance share value	911	6	862	4
6. Shareholders depend on dividends for income	880	9	685	7
7. Follow the tradition	706	12	669	8
8. Past and future earnings	1172	1	1171	1
9. Tax position of shareholders	669	13	630	9
10. Restrictions in debt agreements	863	8	805	13
11. Dividend policies of similar companies	777	11	674	10
12. Dividends on preferreds	899	7	578	12
13. Existence of sinking or purchase fund provisions	819	10	507	11

*The weight given to each factor is inversely related to its rank and its weight is multiplied by the factor's percentage. e.g. for factor 1 (cash available) the weight is 13 for rank 1 and the rank percentage is 26, the product is 338.

APPENDIX C
FACTORS INFLUENCING YEARLY DIVIDEND DECISIONS

	1960s		1970s	
Factor	Total Number of Respondents	Final Rank	Total Number of Respondents	Final Rank
1. Cash Position	86	2	100	2
2. Preserving sound finances	107	1	100	1
3. Shareholders' preference	58	3	81	5
4. Restrictions in Debt Contracts	26	4	69	3
5. Cost of Borrowing	28	5	92	4
6. Dividend Policies similar Companies	29	6	75	6

APPENDIX D-1
FACTORS INFLUENCING ANNUAL DIVIDEND DECISIONS ARRANGED ACCORDING TO THE WEIGHTED RANKING (1960s)

Factor	Rank Weight	1 6	2 5	3 4	4 3	5 2	6 1	Weighted Total	Ranking
1. Cash position		204	235	60	66	22	11	505	2
2. Preserving sound finances		414	120	24	3	0	0	561	1
3. Shareholders' preferences		60	70	84	21	12	0	247	3
4. Restrictions in debt contracts		24	20	28	18	6	2	98	5
5. Cost of borrowing		6	20	36	18	114	1	95	5
6. Dividend policies similar companies		6	25	28	15	4	9	87	6

APPENDIX D-2
FACTORS INFLUENCING ANNUAL DIVIDEND DECISIONS ARRANGED ACCORDING TO THE WEIGHTED RANKING (1970s)

Factor	Rank Weight	1 6	2 5	3 4	4 3	5 2	6 1	Weighted Total	Ranking
1. Cash position		174	250	64	9	4	--	501	2
2. Preserving sound finances		324	180	36	3	--	--	543	1
3. Shareholders' preferences		60	55	92	57	54	10	328	3
4. Restrictions in debt contracts		60	30	100	57	32	26	299	4
5. Cost of borrowing		--	30	100	114	42	10	296	5
6. Dividend policies similar companies		24	--	36	57	46	45	208	6

THE CURRENT MERGER MOVEMENT: A CAUSE FOR CONCERN?

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A new wave of business mergers is sweeping the country today but much of the public is uncertain about what its impact will be. Do mergers among giant corporations result in dangerous concentrations of economic power, less investment in real capital, and reduced production efficiency? Or do mergers offer the best way to boost efficiency and maintain the industrial might of the United States in the face of growing foreign competition? The answer is crucial to the future economic health of the nation.

The latest merger movement began primarily as an effort to survive the harsh recessions of recent years but has now developed a powerful momentum on its own. W.T. Grim and Company estimates that mergers, divestitures or buyouts totaled $210 billion between 1981 and 1983. They estimate that 2,533 mergers and acquisitions were completed or pending last year, setting a nine-year record.[1] The largest mergers in American history have taken place since 1981.

In contrast to merger movements in the past, current mergers are more often combinations of companies in the same or related fields. In a sense, the private sector is moving ahead of bickering politicians and economists by implementing an industrial policy of its own.

Reasons for the almost frenzied pace of mergers are, on the surface, varied. Mature smoke-stack industries, such as steel and automobiles, are hoping that the combination will enable them to meet devastating foreign competition. Oil companies, faced by sagging demand and prices and the continuing rise in cost for exploration, are finding that mergers are the cheapest and surest way to add reserves. A rebounding economy is increasing the cash-flow for many firms so that they have the funds with which to acquire more assets

Robert J. Samuelson states that our tax laws subsidize bigness and encourage merger.[2] Large firms, in effect, are given preferred access to investment funds because when they borrow interest costs are

TEN LARGEST MERGERS

Date	Cost	Buyer/Bought
1984	$13.4 bil.	Socal/Gulf*
1984	$10.1 bil.	Texaco/Getty
1981	$ 7.4 bil.	DuPont/Conoco
1981	$ 6.5 bil.	U.S. Steel/Marathon Oil
1984	$ 5.7 bil.	Mobil/Superior Oil*
1984	$ 5.2 bil.	Royal Dutch Shell/Shell Oil*
1983	$ 5.2 bil.	Santa Fe/Southern Pacific
1981	$ 4.3 bil.	Elf Acquitaine/Texas Gulf
1981	$ 4.2 bil.	INA/Connecticut General
1982	$ 4.2 bil.	Occidental/Cities Service

*Pending

deducted from taxes, hence the true interest rate becomes about half the market rate. New firms with no profit, in effect, pay the full rate.

Government deregulation has also played a role in the merger movement. Railroads, broadcasting, financial services and other industries going through deregulation are experiencing such price and rate competition that consolidation is made attractive.

Important as all these factors are in explaining the urge to merge, the most crucial factor may be the Reagan Administration's merger stance itself. It's let-alone policy is, in effect, enabling legislation for the new merger boom to persist. Business executives are turning to consolidation to solve an array of problems during an administration that has adopted the most liberal merger policy in modern history.

The impact of widespread mergers on the general health of the economy is being debated. It has been argued that mergers substantially increase the concentration of economic power. However, the Federal Trade Commission reports that concentration is relatively stable. The growth of new firms in such fields as computers and airlines and the fact that established firms sell as well as buy new divisions may offset the effect that mergers have on total concentration.

Another charge heard recently is that mergers depress investment in plants, equipment and research: firms use funds to buy out other firms rather than for productive investment. However, stockholders receiving payments will be seeking investments elsewhere, so that the total investment fund will not be reduced.

It is said that very large firms become bureaucratic and have a much greater potential for waste. But large firms also have the potential to finance the research and innovation that will keep the industry vital.

Given modern technology and global markets, large firms may be inevitable. However, size may also prevent their greatest danger if it makes them impersonal, bureaucratic and potentially wasteful. The net impact of the merger spree remains to be seen.

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[1] W.T. Grimm & Company Data, 1983.

[2] Robert J. Samuelson, "Subsidized Mega-Companies," *Newsweek*, March 19, 1984.

SELECTED ARKANSAS AND U.S. ECONOMIC INDICATORS

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ARKANSAS ECONOMY: Q-IV, 1983 AND PROJECTED Q-I, 1984

Harry A. French
Associate Economist
University of Arkansas, Fayetteville

In Q-IV, 1983 both Arkansas and the U.S. experienced mixed growth economies. Relative to Q-III, 1983, Arkansas' economy reflected improved Total Employment (+ 2.8 percent), Personal Income (+ 4.6 percent), Cash Receipts from Farm Marketings (+ 0.4 percent), Net New Savings (+ 37.1 percent), and Nonresidential Construction (+ 34.3 percent). Weak spots in the State's economy for the period were recorded in the following: Valued Added by Manufacture (– 2.3 percent), Total New Loans (– 5.5 percent), both Total and Internal Tonnages of Waterborne Commerce (– 17.0 and – 21.1 percent, respectively), and Residential Construction (–16.1 percent). Meanwhile, the U.S. economy included rises in Total Employment (+ 0.9 percent), Personal Income (+ 2.6 percent), and Value Added by Manufacture (+ 2.4 percent). At the same time, the national economy was beset by decreases in Cash Receipts from Farm Marketings (– 3.9 percent), Residential Construction (– 15.5 percent), and Nonresidential Construction (– 4.2 percent).

For the year, Personal Income reached the $21 billion mark, a new high; Value Added by Manufacture at 6.2 billion was the second highest ever recorded; and Savings and Loan Associations recorded new highs for both Net New Savings at almost $1.5 billion and Total New Loans at $2.37 billion.

A forecast of the economy in Q-I, 1984, based on preliminary data, indicates that the economies of both Arkansas and the U.S. will reflect increased Total Employment of 1 to 3 percent. Similarly, in both economies Personal Income will rise 2 to 3 percent; Value Added by Manufacture will rise 2 percent; Cash Receipts from Farm Marketings will rise 4 to 5 percent, and Residential Construction will rise 2 to 3 percent.

Nonresidential Construction for the U.S. will rise by some 10 percent but for Arkansas it will fall by 5 to 10 percent. Predictions for other economic indicators in Arkansas during the first quarter are: Net New Savings will fall by 15 percent; Total New Loans will rise by 20 percent; and Total Waterborne Commerce will rise by 20 percent.

EMPLOYMENT

Base Year to Date and Quarterly Changes in Total Employment, Arkansas and United States

Seasonally adjusted, percent. Base Year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 40.9	+ 0.3	- 2.3	- 1.2	+ 2.8
United States	+ 37.8	0.0	+ 0.9	+ 1.7	+ 0.9

Employment by Major Industry Group in Arkansas, and Unemployment Rate, Arkansas and United States

Seasonally adjusted, units

Actual Rate, Percent

TIME PERIOD	EMPLOYMENT				UNEMPLOYMENT RATE	
	Wage and Salary		Agricultural	Total	Arkansas	United States
	Manufacturing	Nonmanufacturing				
1976	187,300	445,100	65,600	827,000	7.1	7.7
1977	208,900	483,400	62,800	876,000	6.6	7.1
1978	216,500	507,350	61,250	886,000	6.3	6.1
1979	217,750	526,700	65,800	926,000	6.2	5.8
1980	210,050	540,400	65,100	923,000	7.6	7.1
1981	212,100	536,150	64,100	936,000	9.1	7.6
1982	195,625	525,925	63,440	919,000	9.7	9.5
1983	199,880	531,265	62,395	920,730	9.5	9.7
1983, Q-I	192,800	527,675	63,520	936,424	10.5	11.2
Q-II	200,000	526,790	62,490	914,530	9.1	10.0
Q-III	204,120	524,690	61,420	903,125	9.2	9.4
Q-IV	206,975	545,900	62,150	928,840	9.1	8.2

PERSONAL INCOME

Base Year to Date and Quarterly Changes in Personal Income, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 422.2	+ 1.6^{R}	+ 2.6^{R}	+ 2.1^{R}	+ 4.6
United States	+ 348.7	+ 0.8^{R}	+ 2.1^{R}	+ 1.8^{R}	+ 2.6

Personal Income in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	2,508	2,837	3,118	3,724	4,014	4,507	4,786	5,047^{R}
Apr-Jun	2,667	2,948	3,208	3,759	4,002	4,606	4,811	5,179^{R}
Jul-Sep	2,626	2,984	3,315	3,859	4,169	4,800	4,866	5,290^{R}
Oct-Dec	2,676	3,070	3,406	3,963	4,288	4,813	4,968	5,530
Annual	10,477	11,839	13,047	15,305	16,473	18,726	19,431	21,046

^{R} - Revised Based on BEA Computer Report, April 1984.

VALUE ADDED BY MANUFACTURE

Base Year to Date and Quarterly Changes in Manufacturing, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 300.8	+ 4.4	+ 1.2	+ 4.1	- 2.3
United States	+ 55.8	+ 2.4	+ 4.2	+ 5.1	+ 2.4

Value Added by Manufacture in Arkansas

Seasonally adjusted, millions of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	1,099.3	1,158.2	1,392.3	1,557.6	1,660.6	1,687.4	1,500.7	1,525.9	1,419.0
Apr-Jun	1,103.2	1,226.4	1,445.9	1,547.7	1,520.5	1,656.6	1,505.2	1,544.7	1,524.5
Jul-Sep	1,134.7	1,234.1	1,411.2	1,505.9	1,545.0	1,599.5	1,497.0	1,608.5	1,719.5
Oct-Dec	1,103.1	1,248.6	1,391.3	1,498.2	1,589.6	1,530.9	1,462.1	1,571.3	1,593.4
Annual	4,440.3	4,867.3	5,640.7	6,109.4	6,315.7	6,474.4	5,965.0	6,250.4	

CASH RECEIPTS FROM FARM MARKETINGS

Base Year to Date and Quarterly Changes in Cash Receipts, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 279.4	- 8.8^{R}	+ 5.4^{R}	+ 31.6^{R}	+ 0.4
United States	+ 226.4	- 1.4	- 0.6	+ 2.6^{C}	- 3.9

Cash Receipts from Farm Marketings in Arkansas

Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Quarter									
Jan-Mar	565,575	686,105	915,305	931,511	961,705	823,428	868,250	703,737^{R}	568,850^{R}
Apr-Jun	740,457	703,457	705,441	719,506	658,942	909,757	881,841	665,312^{R}	475,996^{R}
Jul-Sep	621,624	578,357	760,304	762,307	879,485	1,011,547	800,923	875,738^{R}	686,255^{R}
Oct-Dec	497,214	500,169	584,144	663,304	570,684	692,029	772,552	878,974	1,393,772
Annual	2,425,367	2,468,088	2,965,194	3,081,628	3,070,816	3,436,761	3,323,566	3,123,761	

^{R} - Revised based on USDA "1983 Monthly Cash Receipts," received March 1984.

^{C} - Revised based on *Economics Indicators*, March 1984, p. 7.

ACTIVITY OF ARKANSAS SAVINGS AND LOAN ASSOCIATIONS

Base Year to Date and Quarterly Changes in Activity of Arkansas S & L Associations

Not seasonally adjusted, percent (based on CONSTANT DOLLARS), Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983-Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Total New Loans	+ 573.3	+ 64.1	+ 45.8	- 7.2	- 5.5
Net New Savings	+ 314.3	+ 261.2	- 37.6	- 56.9	+ 37.1

Economic Activity of Arkansas Savings and Loan Associations

Not seasonally adjusted, Thousands of dollars

TIME PERIOD	TOTAL NEW LOANS		NET NEW SAVINGS	
	Current $	1967 $	Current $	1967 $
1976	606,400	355,280	393,300	231,050
1977	815,800	448,590	405,000	223,492
1978	729,300	373,700	416,900	213,610
1979	625,900	290,560	436,830	204,525
1980	504,700	204,275	287,600	115,580
1981	360,800	132,970	20,000	7,240
1982	677,400	233,370	353,800	121,355
1983	2,370,300	793,540	1,446,300	487,430
1983 Q-I	457,000	155,850	632,100	215,560
Q-II	675,000	227,300	399,400	134,500
Q-III	634,000	211,000	174,100	57,950
Q-IV	604,300	199,390	240,700	79,420

WATERBORNE COMMERCE:
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM

Base Year to Date and Quarterly Changes in Total and Internal Tonnages

Not seasonally adjusted, percent, Base = Ave. Qtr. 1971

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Total	+ 104.2	+ 6.2	- 7.2	+ 19.1	- 17.0
Internal	+ 18.0	- 67.2	+ 12.9	+ 53.7	- 21.1

Freight Traffic
Arkansas River Commerce

Not seasonally adjusted, Thousands of short tons

TIME PERIOD	TRAFFIC TONNAGES*			
	INBOUND	OUTBOUND	INTERNAL	TOTAL
1976	1,988	1,663	3,033	7,078
1977	2,841	2,339	3,463	9,138
1978	2,595	3,899	3,170	10,216
1979	2,026	3,456	2,932	8,926
1980	1,611	4,643	2,408	9,133
1981	1,564	5,684	1,741	9,446
1982	1,520	4,611	1,561	8,258
1983	1,918	3,905	1,904	8,017
1983 Q-I	426	1,103	364	2,030
Q-II	512	888	411	1,883
Q-III	479	1,094	631	2,243
Q-IV	493	820	498	1,861

*Total tonnage includes "through traffic"—shipments which originate and terminate outside the Arkansas River Commerce Area.

RESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 289.3	+ 0.7	+ 41.1	- 4.3	- 16.1
United States	+ 352.4	+ 6.5	+ 48.9	+ 1.2	- 15.5

Residential Construction Contracts in Arkansas

Seasonally adjusted, thousands of dollars

Quarter	1976	1977	1978	1979	1980	1981	1982	1983	Not seasonally adjusted 1983
Jan-Mar	116,379	160,861	220,739	205,119	144,050	176,180	115,590	206,450^{R}	185,200
Apr-Jun	117,164	173,558	236,915	153,917	137,600	159,750	153,850	240,380^{R}	261,300
Jul-Sep	122,732	182,210	227,633	193,364	177,450	138,360	174,250	231,250^{R}	250,000
Oct-Dec	134,927	217,222	236,718	154,130	185,450	158,510	204,440	228,180	209,800
Annual	491,202	733,851	922,005	706,530	664,550	632,800	648,130	906,260	

^{R} - Revised through recomputation of seasonal factor.

NONRESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1983 Q-IV	1982 Q-IV thru 1983 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV
Arkansas	+ 233.7	+ 22.8	+ 30.8	- 1.5	+ 34.3
United States	+ 214.4	+ 4.4	+ 14.3	+ 3.9	- 4.2

Nonresidential Construction Contracts in Arkansas

Not Seasonally adjusted, thousands of dollars

	1976	1977	1978	1979	1980	1981	1982	1983
Quarter								
Jan-Mar	43,591	57,486	72,851	88,988	72,300	90,500	96,300	69,500
Apr-Jun	93,906	63,726	60,479	109,976	91,200	72,700	54,700	90,900
Jul-Sep	67,913	67,632	90,471	70,296	91,900	59,400	72,000	89,500
Oct-Dec	79,004	76,866	69,041	112,549	99,700	79,500	56,600	120,200
Annual	284,414	265,710	22,842	381,809	355,100	302,100	279,600	370,100

LABOR FORCE ESTIMATES
February 1984, not seasonally adjusted

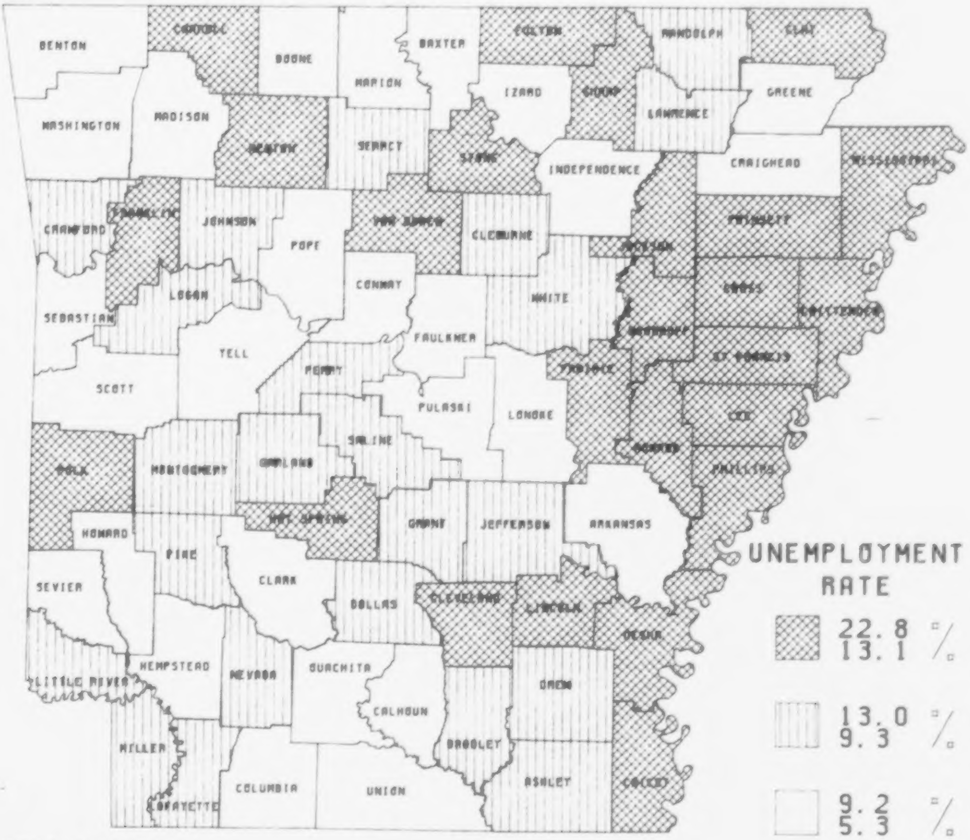
State and SMSA's	Civilian Labor Force	Unemployment Rate	Total Employment
UNITED STATES	111,368,000	8.4	101,961,000
STATE OF ARKANSAS	1,031,300	10.1	926,800
Fayetteville-Springdale SMSA (Benton & Washington Counties)	85,150	6.3	79,750
Fort Smith SMSA (Crawford & Sebastian Counties in Arkansas and LeFlore & Sequoyah Counties in Oklahoma)	92,650	9.1	84,200
Little Rock-North Little Rock SMSA (Pulaski & Saline Counties)	202,000	7.7	186,400
Pine Bluff SMSA (Jefferson County)	38,025	9.9	34,275

County	Civilian Labor Force	Unemployment Rate	Total Employment	County	Civilian Labor Force	Unemployment Rate	Total Employment
Arkansas	10,900	9.2	9,900	Lee	4,825	22.8	3,725
Ashley	10,275	12.2	9,025	Lincoln	3,825	13.7	3,300
Baxter	10,250	8.5	9,375	Little River	5,825	10.7	5,200
Benton	37,375	6.7	34,875	Logan	7,275	11.0	6,475
Boone	13,275	6.0	12,475	Lonoke	15,150	7.4	14,025
Bradley	4,950	10.1	4,450	Madison	6,050	8.7	5,525
Calhoun	2,725	8.4	2,500	Marion	6,900	7.2	6,400
Carroll	9,350	13.4	8,100	Miller	15,600	9.6	14,100
Chicot	6,550	19.1	5,300	Mississippi	26,175	15.5	22,125
Clark	10,550	8.1	9,700	Monroe	4,275	15.8	3,600
Clay	9,275	19.9	7,425	Montgomery	2,750	11.8	2,425
Cleburne	6,625	12.5	5,800	Nevada	3,925	10.8	3,500
Cleveland	1,875	16.0	1,575	Newton	1,950	15.4	1,650
Columbia	13,900	8.6	12,700	Ouachita	13,850	9.2	12,575
Conway	8,350	7.8	7,700	Perry	3,225	10.9	2,875
Craighead	31,625	8.3	29,000	Phillips	13,100	18.7	10,650
Crawford	17,225	10.2	15,475	Pike	3,725	11.4	3,300
Crittenden	25,400	15.6	21,450	Poinsett	10,200	19.4	8,225
Cross	8,975	14.4	7,475	Polk	5,775	19.9	4,625
Dallas	4,075	9.8	3,675	Pope	18,675	8.3	17,125
Desha	7,800	17.6	6,425	Prairie	3,400	14.0	2,925
Drew	7,575	9.9	6,825	Pulaski	174,200	7.4	161,250
Faulkner	23,075	8.9	21,025	Randolph	7,075	11.7	6,250
Franklin	6,300	16.3	5,275	St. Francis	12,950	17.6	10,675
Fulton	2,750	14.5	2,350	Saline	27,800	9.5	25,150
Garland	32,350	9.7	29,225	Scott	3,250	9.2	2,950
Grant	4,200	11.3	3,725	Searcy	3,125	12.8	2,725
Greene	13,400	8.6	12,250	Sebastian	43,525	8.3	39,925
Hempstead	10,075	7.2	9,350	Sevier	6,250	8.4	5,725
Hot Spring	11,125	16.0	9,350	Sharp	4,225	13.6	3,650
Howard	8,075	5.3	7,650	Stone	3,550	14.8	3,025
Independence	15,800	9.0	14,375	Union	23,825	8.2	21,875
Izard	4,325	9.2	3,925	Van Buren	4,125	15.2	3,500
Jackson	9,500	17.1	7,875	Washington	47,775	6.1	44,875
Jefferson	38,025	9.9	34,275	White	23,375	13.0	20,325
Johnson	8,925	10.1	8,025	Woodruff	4,225	16.6	3,525
Lafayette	3,625	12.4	3,175	Yell	8,075	7.4	7,475
Lawrence	8,025	11.2	7,125				

Source: The Research and Statistics Section, Arkansas Employment Security Division.

LABOR FORCE ESTIMATES
FEBRUARY 1984

IN FEBRUARY, ARKANSAS' CIVILIAN LABOR FORCE ROSE BY 22,300 TO TOTAL 1,031,300. TOTAL EMPLOYMENT INCREASED 27,500 TO TOTAL 926,800. UNEMPLOYMENT FELL 5,200 TO TOTAL 104,500. OF THE 75 COUNTIES, HOWARD HAD THE LOWEST UNEMPLOYMENT RATE AT 5.3 PERCENT AND LEE THE HIGHEST AT 22.8 PERCENT. MOREOVER THE UNEMPLOYMENT RATES IN 42 COUNTIES EQUALLED OR EXCEEDED THE STATE RATE. FOR THE SMSAS, FAYETTEVILLE - SPRINGDALE HAD THE LOWEST UNEMPLOYMENT RATE AT 6.3 PERCENT AND PINE BLUFF HAD THE HIGHEST RATE AT 9.9 PERCENT. THE RATES FOR THE LITTLE ROCK-NORTH LITTLE ROCK AND THE FORT SMITH SMSAS WERE 7.7 AND 9.1 PERCENT, RESPECTIVELY.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INDEPENDENCE
CRAIGHEAD
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POPE
VAN BUREN
CLEBURNE
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CLEVELAND
LINCOLN
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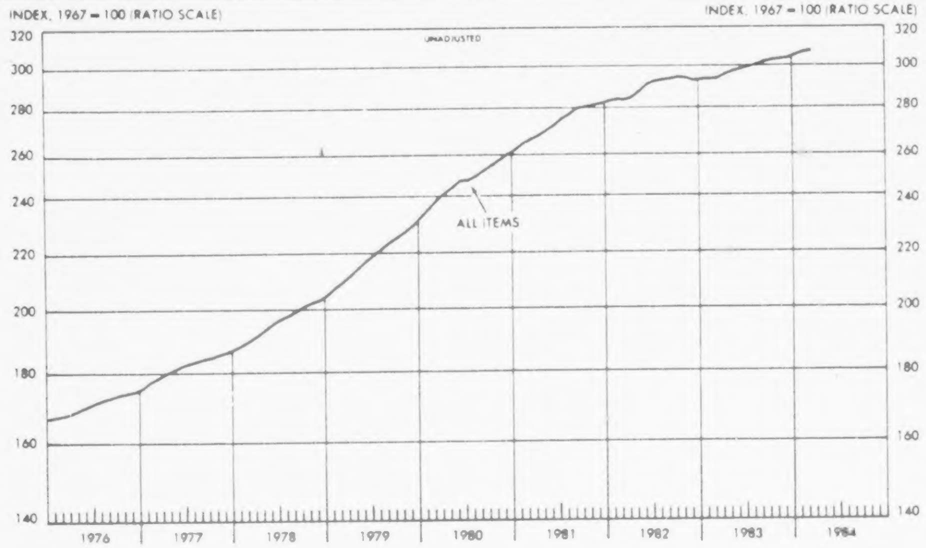
LITTLE RIVER
HEMPSTEAD
NEVADA
OUACHITA
CALHOUN
DREW
MILLER
BRADLEY
ASHLEY
CHICOT
COLUMBIA
UNION
LAFAYETTE
UNEMPLOYMENT RATE
22.8 - 13.1 %
13.0 - 9.3 %
9.2 - 5.3 %

UNIVERSITY OF ARKANSAS
COMPUTER GENERATED MAP

BEST COPY AVAILABLE

CONSUMER PRICES

In March, the consumer price index for all urban consumers rose 0.2 percent seasonally adjusted and not seasonally adjusted. The index was 4.7 percent above its level in March 1983.



SEE NOTE ON TABLE BELOW
SOURCE DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1967 = 100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items [1] NSA	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [4]	All items less food, energy, and shelter
			Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel [3]			
				Total	Renters' costs [2]	Homeowners' costs [2] NSA	Maintenance and repairs NSA								
Rel. imp. [5]	*100.0*	*18.7*	*37.6*	*21.5*	*7.0*	*14.0*	*0.5*	*8.2*	*5.2*	*21.8*	*3.5*	*5.9*	*6.1*	*11.9*	*47.9*
1976	170.5	180.8	174.6	179.0	...	...	199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1	...	...	214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4	...	...	233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.1
1979	217.4	234.5	227.6	239.7	...	...	256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7	...	...	285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7	...	...	314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0	...	...	334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1983	298.4	291.7	323.1	344.8	103.0	102.5	346.3	370.3	196.5	298.4	202.6	376.4	357.3	419.3	258.4
1983: Mar	293.4	290.3	318.3	338.8	101.3	100.9	339.9	364.8	194.2	289.7	201.4	353.5	351.5	403.6	254.8
Apr	295.5	291.5	320.3	341.4	101.7	101.7	343.6	366.6	194.7	293.7	201.4	368.7	353.1	413.3	255.7
May	297.1	292.1	321.1	342.3	102.2	102.0	344.3	368.4	195.7	296.4	201.1	379.8	354.8	420.5	256.3
June	298.1	291.5	321.9	343.3	102.5	102.2	345.1	369.3	196.3	297.3	201.3	381.0	356.5	421.6	257.1
July	299.3	291.2	323.2	345.1	103.1	102.7	346.1	370.7	197.3	298.7	201.7	382.5	358.5	423.2	258.4
Aug	300.3	291.7	324.1	346.3	103.6	103.0	347.9	371.9	197.9	300.8	203.3	383.7	360.3	424.6	259.7
Sept	301.8	292.3	325.3	348.0	104.2	103.5	346.6	372.9	198.2	302.8	204.9	383.7	361.7	425.1	260.9
Oct	302.6	293.5	326.0	349.3	104.6	103.9	351.1	372.2	198.2	304.4	205.5	383.2	362.9	424.2	262.2
Nov	303.1	294.1	327.4	350.7	105.0	104.3	353.4	374.4	198.5	305.5	205.3	381.6	364.7	424.5	263.5
Dec	303.5	295.4	328.1	351.8	105.3	104.5	354.7	373.8	198.5	306.1	205.7	379.8	366.0	423.3	264.2
1984: Jan	305.2	300.2	329.6	353.0	105.7	104.9	356.7	378.2	199.0	306.7	205.6	375.9	368.6	421.7	265.8
Feb	306.6	302.2	331.1	353.8	106.0	105.1	353.5	384.8	198.5	306.6	206.4	370.5	371.5	422.7	266.7
Mar	307.3	301.8	331.2	355.3	106.5	105.6	355.3	380.9	198.6	309.4	207.4	374.0	373.5	421.8	267.8

[1] Includes items not shown separately

[2] December 1982 = 100

[3] Includes direct pricing of diesel and gasohol beginning September 1981

[4] Fuel oil, coal, and bottled gas, gas (piped) and electricity, and motor fuel. Motor oil, coolant, etc. also included through 1982

[5] Relative importance, December 1983

NOTE — NSA indicates data are not seasonally adjusted.

Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Data beginning 1983 incorporate a rental equivalence measure for homeownership costs and therefore are not strictly comparable with figures for earlier periods.

Source: Department of Labor, Bureau of Labor Statistics

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Arkansas Business and Economic Review

A Publication of the University of Arkansas

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HOME EQUITY CONVERSION: A POTENTIAL BENEFIT TO ELDERLY ARKANSANS

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INTRODUCTION AND OBJECTIVES

Many Arkansans, particularly the elderly, own their homes free of any mortgage (the terms "older" and "elderly" will refer to people 65 and over throughout this paper). For a large percentage of these elderly persons, their home equity is their primary stock of wealth. Obviously, wealth in this form cannot buy food and clothing or pay medical expenses. Because many of these elderly homeowners are retired and live on fixed incomes, it has become necessary for some to consider ways in which their homes might provide more than just shelter.

According to two spokesmen for financial institutions, some of these people are either selling or refinancing their homes in order to gain access to this stock of wealth.[1] One reason for such action is so that these citizens can supplement their retirement incomes.

Supplemental income for the elderly has always been important, but especially so now because of steady inflation and fears about the inefficacy of the Social Security system. However, selling one's home is not the only alternative. In other areas of the country, home equity conversion plans are being explored as a result of changing societal needs.

Home equity conversion (HEC) plans are a means by which an elderly homeowner can either sell his home or borrow against his equity buildup and still maintain possession for some period of time. The purpose of this article is to explore the potential for HEC plans within Arkansas. The impact on buyers, sellers, and society in general can be of considerable importance in terms of income and profits; and in the long term, from a national perspective the lessening of the Social Security tax burden.

Financial institutions, acting as the sellers of HEC plans, face both potential benefits and costs. One of the major benefits stems from the sheer size of the potential market perspective, an estimated 70 percent of all older Americans owned their homes in 1980. Furthermore, over 80 percent of these older citizens owned their homes free of any mortgage. In the aggregate, these homes were worth approximately $500 billion.[2] As our society ages, more elderly people will own their homes and hence the market will increase. As will be demonstrated, demographic data for Arkansas strongly suggest that home equity conversion is even more viable here than for the nation as a whole.

There are costs to all parties involved in home equity conversion plans. The homeowner faces three real costs: (1) he may end up with little or no real property to leave to his heirs, (2) he experiences a reduction in wealth under all HEC plans, and (3) he can outlive the term of the HEC plan and be forced to sell the home before his death (although this cost can be avoided by including life expectancy probability in the HEC plan). The potential costs to financial institutions include such factors as interest rate risk, maturity risk, and the risk of idle funds. Although all these costs are important issues and require careful study, they are beyond the scope of this paper and are not addressed herein.

Assuming that supplemental income is the primary reason for converting one's home equity into an income stream, a priori reasoning would suggest that elderly homeowners who have accumulated little or no wealth other than their home equity would be prime candidates for such plans. Since income usually declines upon retirement, elderly persons may find it necessary to either liquidate their homes or continue working if they wish to continue living their accustomed lifestyles. Until the advent of HEC plans, there were few attractive alternatives to selling one's home in order to make use of one's equity buildup. HEC plans can provide an alternative to losing possession of one's home.

POTENTIAL BENEFITS TO HOMEOWNERS

Elderly homeowners can gain three major benefits through home equity conversion. They can maintain possession of their property, enjoy supplemental income, and decrease the risk of inadequate retirement income. The type of plan that the homeowner chooses determines how long he can remain in his home. Under the "sale plans", the owner generally has a life estate in the property and can remain there until death. Reverse mortgage plans offer different maturities which determine how long the owner maintains possession. At this time, the longest reverse mortgage available in this country is for 15 years. This does not mean that the elderly homeowner has to move out at the end of the term but that he must pay off the loan balance at that time or negotiate another loan.

The amount of supplemental income from a reverse mortgage is dependent on the length of the loan term, the interest rate, and the amount of equity in the property. Under a typical plan with a 12 percent rate of interest and a $50,000 home, the homeowner can elect one of several payout options. If he is 75 years old, he might elect a higher payout for a shorter time period. For instance, under the conditions stated above, he would receive $500 per month (1% of the appraised value) for a period of just under six years before his equity is depleted. If one's life expectancy is greater, a $250 payout might be more appropriate. In this case, the equity is depleted in about ten years. An elderly citizen just turning 65 might prefer a 15 year term. This would result in a $125 per month (.25% of the appraised value) payout. In Arkansas, the average Social Security payment to retired persons was $296 per month in 1980.[3] Thus, a $125 per month absolute increase would have amounted to a 42 percent monthly income increase for the average Social Security recipient.

POTENTIAL BENEFITS TO FINANCIAL INSTITUTIONS

A preliminary examination of the size of the potential market in Arkansas can be estimated with demographic data. This approach would suggest that the total loan closings in the state could be highly sensitive to HEC offerings. That is, if only a few of the potential HEC plans were negotiated in Arkansas, the percentage of total loan closings would greatly increase.

Total resident population and the percentage of older citizens has increased faster in Arkansas than in the nation as a whole. Table 1 shows these changes since 1960.

TABLE 1

Population: Total and Percentage by Age Group
United States and Arkansas
Selected Years, 1960 to 1980
(in thousands)

	United States			Arkansas		
Year	Total Pop.	65 & Older	% of Total Over 65	Total Pop.	65 & Older	% of Total Over 65
1960	179,323	16,675	9.30	1,786	194	10.88
1970	203,302	19,972	9.82	1,923	238	12.36
1980	226,505	25,594	11.28	2,286	312	13.67
% change 1960-1980	26.3	53.2	+1.98	28.0	60.8	+2.87

Source: 1981 Statistical Abstract of the United States, pp. 10 & 27.

Estimates by the Bureau of the Census project Arkansas' elderly population to total 420,400 by the end of this century. The state's total population at that time is estimated to be approximately 2,835,400. Thus, approximately 15 percent of the population will be at least 65 by the year 2000.[4] Shortly after the turn of the century, those persons born during the postwar "baby boom" will be retiring. This should push the percentage of retirees in the total population even higher.

Of course, not all of these elderly persons will be interested in home equity conversion. In 1980 in Arkansas, 156,738 homes were owned by people over 65.[5] Assuming an average value of $40,000 per home and applying the national estimate in which 80 percent of homes owned by the elderly are free of any mortgage and a maximum loan of 75 percent of the home's value, then the upper limit of the potential market in Arkansas in 1980 was approximately $3.77 billion. The actual potential market for HEC is less than this amount since not all elderly homeowners will find this option attractive. One must bear in mind that Arkansas is somewhat unique in that it attracts retirees from other states. Some of these people purchase homes in Arkansas for cash upon their arrival and are not likely to be candidates for home equity conversion.

The potential market for HEC plans in Arkansas translates to large potential increases in total loan activity by financial institutions. Total loan closings for the state in 1980 was approximately $505.5 million.[6] (See Table 2 for a complete analysis). If only one percent of the elderly homeowners had become involved in HEC plans in that year, then total loan activity would have increased by $37.7 million, or about 7.5 percent. From all indications both the number of elderly Arkansans and the number of homes they own are expected to increase. Hence, home equity conversion should be particularly attractive to financial institutions engaged in long range planning.

BENEFITS TO SOCIETY

As has been shown, both the homeowner and the lender face potential benefits from home equity conversion plans. Society, in general, may also benefit from such plans.

As a society, home ownership has been encouraged. This is evidenced by the changes in the types of financial instruments available to homeowners throughout this century. Initially, a homebuyer had to pay the entire purchase price at

TABLE 2
Loan Closings in Arkansas
1980

Purchase of:		
Single family newly built homes	$101,486,000	
Single family previously occupied homes	170,840,000	
2 - 4 dwelling units	6,177	
5 or more dwelling units	2,708	
Construction loans (all types)	105,558	
Non-residential loans	8,034	
Land loans	6,177	
Refinancing	86,068	
Loans for all other purposes (not classified above)	18,534	
Total loan closings by all AR financial institutions		$505,521,000
Number of homes owned by those over 65		156,738
Estimated value per home		$40,000
Total estimated value		$6.27 billion
Assumed 80 percent free of mortgage, then total potential market		$5.02 billion
Maximum loan value of 75% of property value		$3.77 billion
Assuming a one percent participation rate in one year: (1,567 homes with estimated value of		$37.7 million
Therefore, a one percent participation rate in 1980 in HEC plans would have increased total loan activity by ($37.7 million / $505,521,000) x 100		7.46%

Source of figures on loan closings: Federal Reserve Bank, Little Rock, Arkansas.

closing. Then deferred payment plans emerged resulting in 20- and 30-year mortgages. Now, there are numerous creative financing options available to prospective homebuyers.[7]

Home ownership has been the "dream" of the American people, a sign of independence and success. As our population ages, innovative financial instruments, like HEC plans, should be encouraged and made available if our society is to continue placing such importance on home ownership.

From a public policy perspective, HEC plans seem to be relevant today and should become more important in the future. Most elderly people experience decreases in income and, thus, a lowering in their living standards upon retirement. As our society ages, more and more elderly people will request some form of public assistance. This creates a cost to society: directly through the use of public transfer payments and indirectly because of the decrease in the level of overall social welfare.[8] HEC plans might be appropriate instruments to lessen the increasing demand for transfer payments and to increase the standard of living of these citizens.

Increasing budgetary pressures for many public welfare programs, including those for the elderly, are creating noticeable social and political pressures. One reason for this is the low ratio of the working population to the elderly population. Such pressures will become even more prevalent over the next 2 or 3 decades when those born during the "baby boom" reach retirement age. From this perspective, HEC plans may become the most attractive alternative. Furthermore, policy makers may find that some form of subsidy for these plans are in the national interest.

QUESTIONS FOR FURTHER RESEARCH

Before serious discussions can begin regarding the practicability of home equity conversion plans in Arkansas, there are many areas that need detailed research and analysis. This article included only a general statement concerning the possible profits and costs to the providers of such plans. Without a detailed analysis of both sides of this potential market, HEC plans for Arkansas will not be developed. In particular, the risks to the lenders — especially those risks regarding interest rates, maturity dates, and idle funds must be studied in detail.

Many of our older citizens might perceive home equity conversion as a way of losing their homes. The purpose of HEC plans is to allow the elderly to enjoy their homes and the lifestyles to which they are accustomed. Those lenders who wish to participate in such plans would do well to survey the attitudes and perceptions of the elderly in Arkansas concerning home equity conversion. In this way, HEC plans may then be structured in such a way as to allay this fear of loss.

The authors presented a preliminary examination of the potential market in Arkansas by means of available demographic data. There is an obvious need for further refinement in this area. A study of the attitudes of elderly homeowners toward home equity conversion would be one possible method of more accurately estimating this potential market.

CONCLUSIONS

There is a potential market for HEC plans in Arkansas. Because of the low level of income for the state, in general, and because of the decrease in income upon retirement, the older segment of the population would most likely welcome supplemental income. Arkansas can learn from the experiences of others who have been offering HEC plans. With further study, there may be an opportunity to offer a plan which balances the social and financial concerns of our elderly population with the concerns of our state's financial institutions.

---

[1] Field interviews with Mr. R.D. Milton, Union National Bank in Little Rock and Mr. Leon Clemmons, Simmons First National Bank in Pine Bluff, October 26, 1983.

[2] Mary Nowesnick, "A Looming Challenge: Helping Older Americans Keep Their Homes," *Savings & Loan News*, May 1981, p. 84.

[3] *1982-83 Statistical Abstract of the United States*, United States Department of Commerce, Bureau of the Census, p. 327.

[4] *Current Population Reports, Population Estimates and Projections: Provisional Projections of the Population of States, By Age and Sex: 1980-2000*, United States Department of Commerce, Bureau of the Census, p. 14.

[5] United States Department of Commerce, Bureau of the Census, Summary Tape File 1, 1980.

[6] These figures were obtained from the Little Rock branch of the Federal Reserve Bank via a telephone conversation, August 1983.

[7] National Center for Home Equity Conversion, "Home-Made Pension Plans: Converting Home Equity Into Retirement Income." Monograph published by the National Center for Home Equity Conversion, August 1982, pp. 2-3.

[8] Jane Sjogren and Judith Feins, "Home Equity Conversion Through Reverse Annuity Mortgages: An Income Supplement for the Elderly," *Federal Home Loan Bank Board Journal*, January 1983, pp. 22-23.

THE USE OF COMPUTERS IN ARKANSAS UNIVERSITIES

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The world is in the midst of a silent revolution which is effecting major changes in all of society's institutions. It is not presumptious to speculate that history may record the electronics revolution of the late 20th century to have had a greater effect upon the human race than did the industrial revolution of the late 18th century. The impact of the microchip is evident in all aspects of human endeavor, ranging from cameras that talk and electronic games that allow one's fantasy to wander, to the "electronic" office which makes businesses more productive. There is no doubt that the 'chip' has changed many former behavior patterns and business practices.

Traditionally, the university was considered the fountain of all knowledge and the originator of new technology. It has also been one of the primary institutions to further develop and create applications for new technology. This has not been the case for microcomputers and the microchip. The development of this technology can be traced to the space program of the 1960's and the primary applications of the technology have emerged from two rather diverse sources: broad applications that come from government funded research conducted by large corporations and small specific applications that are developed by entrepreneurs, who for the most part, reside in what is known as California's Silicon Valley. Hence, today's university finds itself in the position of being a user of microcomputer technology rather than being the originator and developer of that technology.

In an attempt to investigate to what extent this technology has impacted on the universities in the United States, a questionnaire was sent to administrators at all member schools of the American Assembly of Collegiate Schools of Business (AACSB). A total of 672 usable responses were received in the spring, 1983; twelve of those responses were from the member schools in the state of Arkansas. Three duplicate responses were discarded, therefore nine responses were tabulated for this study. The questionnaire was designed to gather information regarding the use of mainframe and microcomputers at these universities. This investigation compares the practices of the Arkansas universities with those of the entire United States, and focuses on three major areas of university use: administration, instruction, and instructional support. While the comparison of 9 responses with a sample of 672 may distort some contrasts, the information offers useful insights to readers from the worlds of education and business.

Table 1 describes the extent to which respondents are currently utilizing computers to accomplish certain administrative tasks typically performed on university campuses. These data indicate that some Arkansas institutions are not utilizing any type of computer in the six categories of administrative tasks: registration, payroll, budgeting and planning,

TABLE 1
Computer Usage For Administrative Tasks
(percentage)

Arkansas (n=9)					United States (n=672)			
Neither	Main	Micro	Both	Task	Neither	Main	Micro	Both
11.1	88.9	--	--	Registration	9.5	85.6	2.1	2.8
11.1	88.9	--	--	Payroll	16.1	80.8	1.8	1.3
22.2	66.7	--	11.1	Budgeting/Plans	21.4	56.5	5.4	16.7
11.1	77.8	--	11.1	Student Records	6.4	85.3	2.2	6.1
66.7	22.2	11.1	--	Library	32.9	48.9	8.5	9.7
88.9	11.1	--	--	Degree Plans	61.5	33.2	3.3	2.1

student record keeping, library, and degree plans. Since degree plans are not required at many institutions, it might be expected that there may be high percentages of nonuse reported in Arkansas as well as the United States in total. The use of the computer for library tasks by Arkansas institutions is somewhat lower than that of the entire United States. On the other hand, Arkansas universities reported slightly better use of computers for payroll tasks.

The table also shows that one Arkansas institution has begun to use the microcomputer to handle some administrative tasks in lieu of the mainframe computer in the library. It was also reported that microcomputers are being used in conjunction with the mainframe computers for student record keeping, budgeting and planning.

Table 2 describes how universities are using computers for instructional tasks; i.e., classroom and other computer-assisted instruction. The percentages suggest that Arkansas institutions are utilizing the computer more than other United States institutions in all subject areas except accounting. The standards for accreditation of accounting programs as required by AACSB, the chief accrediting agency for schools of business, require the use of computers in accounting classes. This accreditation has been in effect for approximately two years. As Arkansas universities begin the pursuit of accounting accreditation, a dramatic increase in computer use in the classroom should be expected. It should be noted that Arkansas universities report a somewhat less intensive use of the microcomputer in the classroom than do the universities in the total sample.

TABLE 2
Computer Usage For Instructional Tasks
(percentage)

Arkansas (n=9)					United States (n=672)			
Neither	Main	Micro	Both	Subject	Neither	Main	Micro	Both
11.1	44.4	11.1	33.3	Statistics	15.6	53.5	7.6	23.5
55.6	33.3	--	11.1	Accounting	28.1	39.7	11.9	20.2
--	22.2	--	77.8	Programming	5.1	37.4	5.2	52.4
11.1	22.2	22.2	44.4	Other (CAI)	24.4	18.5	18.5	38.7

Table 3 shows the extent in which computers support the instructional tasks described previously and for research assistance for faculty and students. These data indicate that Arkansas universities are utilizing the computer more than all surveyed institutions for most of the instructional support tasks. The use of computer resources for faculty research activities is lower in Arkansas than was reported for the remainder of the United States.

In conclusion, the results of this study indicate that Arkansas institutions of higher education are utilizing the computer, microcomputer or mainframe, to a lesser extent than most other United States institutions for the investigated tasks. The data also suggest that the microcomputer is beginning to have an impact on overall computer usage across Arkansas campuses as well as all universities. Although the magnitude is slight, Arkansas institutions report using the microcomputer in lieu of the mainframe computer in many of the instructional and instructional support tasks.

The potential for increased computer and microcomputer use is great. The obvious question is then, why aren't universities in Arkansas and the rest of the United States utilizing this technology to a greater extent? The answer to this question was not uncovered in this study; however, one may speculate that the answer is related to the overall funding crunch that higher education faces. There are now fewer federal grants and the normal funding sources for universities are slow to allocate resources to equipment purchases. One feasible solution would be for the business community to furnish the needed computer resources. The benefits to the universities are obvious, but businesses would prosper also as they hire a better prepared graduate.

TABLE 3
Computer Usage For Instructional Support
(percentage)

Arkansas (n=9)					United States (n=672)			
Neither	Main	Micro	Both	Task	Neither	Main	Micro	Both
44.4	33.3	11.1	11.1	Test Banks	52.3	34.6	6.3	6.9
33.3	55.6	11.1	--	Grading Exams	34.1	52.5	5.4	8.0
22.2	33.3	--	44.4	Faculty Research	8.5	32.0	3.3	56.3
11.1	33.3	11.1	44.4	Student Research	13.8	32.6	6.0	47.6
44.4	22.2	33.3	--	Spread Sheet Use	46.6	13.4	27.8	12.2
--	22.2	33.3	44.4	Word Processing	14.9	16.8	30.4	37.9

QUICK SCANNER FOR MANAGEMENT PROBLEMS: A STARTING COMPUTER PROGRAM

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INTRODUCTION

Mintzberg has defined several approaches to the study of strategic management.[1] One contemporary method is to develop a descriptive theory based on what really exists in an organization rather than a prescriptive view of what it should be. Answers to questions concerning the conditions within an organization (e.g., What is the job of the manager? How are strategies formed? How does the organization structure itself and what functions does it perform?) should be based on systematic and empirical research. This approach provides a more sophisticated description from which prescription may become useful to the practitioner in his attempt to implement the changes necessary in any dynamic organization.

A descriptive approach attempting to diagnose problems in a business firm was reported almost 70 years ago; and a comparable method was developed and used by James O. McKinsey in the 1930's; but it is still hard to find much in the management literature that may be directly applied to strategic management.[2] One exception may be the Newman and Logan text on business policy which still orients toward the original McKinsey approach.[3]

While the diagnostic method has not been the subject of intense investigation in the field of management it has not been so much ignored by other disciplines. It comes as no surprise that the subject has been a focus of considerable interest in the field of medicine and has been reported for many years in the behavioral science literature under the rubric of problem solving. Studies made by medical researchers would appear to be of most immediate concern to the strategic management theorist or practitioner, since the physician in general practice orients his approach to the "whole" person both in his diagnosis of conditions as well as in the treatment or solution to the medical problem.[4] The strategic management problem of analyzing the whole organization and its environment seems a reasonable, albeit in some respects more complex, parallel.

One common approach to the study of signs and symptoms is to begin with a list of variables or questions that may apply to the person (or organization) to be examined. The physician usually starts with a series of familiar questions on the patient's background and medical history, beginning with a list of childhood diseases. At the same time, he makes mental note of other easily observed physical signs such as the degree of alertness of the patient and more subtle indicators such as the skin color and unusual markings on the fingernails. This is in addition to the standard data on temperature, pulse, and blood pressure. Still, we must recognize that the most extensive checklists are not enough for a complete analysis; all the available information must be integrated into an overall pattern that describes the whole patient.

Since the physician's data collection methods appear to be an effective approach for the study of the condition of an individual, it seems reasonable to conceptualize a similar process in the analysis of a human organization. The logical sequence could involve (1) developing a list of possible factors or questions that would apply to most organizational situations, (2) obtaining information indicated by the list, (3) ranking the importance of major factors indentified, and (4) attempting to relate or integrate these critical factors into a pattern that best describes the condition of the organization. If irregularities or deviations from a commonly accepted normal condition or "good practice" are observed, then it would be assumed that a problem exists. When such a problem is identified it would become the focus of more detailed investigation.

THE STARTING PROGRAM

What has just been described was the general approach used to develop an experimental computer program designed to facilitate the description of a business organization. The company status (COSTAT) program attempts to concentrate on the major strengths and weaknesses of the firm as well as the condition of threats and opportunities, such that the present program may be viewed as a crude problem screen for corporate executives. It is best considered as the forerunner of a diagnostic tool which could be used simply and easily to aid top managers in identifying potential problem areas in a firm. It must be reiterated that the rather simplistic approach described in this paper is only a starting point for further investigation of problems that may be identified. Obviously, a more detailed analysis is necessary before any appropriate corrective action would be taken.

The COSTAT Program, written in the FORTRAN computer language, was essentially designed to cross-tabulate answers to a list of questions about an organization.[5] It is based on a logic patterned after that of the medical history or review-of-systems procedures. The program was also planned to facilitate a presentation of the results in summary form within the common operational and management areas. This includes such categories as marketing, operations, planning, organizational structure, external environment, corporate actions and strategies. The specific questions used on the initial form ask for the type of information assumed to be readily available to the chief executive without the need to refer to notes, files, reports or similar supporting data. It is clear that the responses will be tempered by the manager's perceptions and recent memory. This is not a problem if we remind ourselves that many management decisions are based on information strongly influenced by values, beliefs, and individual judgments. Any chief executive sees his organization from a unique position and often appears to make decisions based on intuition or even vague precedent. This may not be the expected behavior from a theoretical viewpoint, but it is probably a more realistic description of "what is", rather than "what should be". The COSTAT program provides a summary of organizational information in a simplified format. A partial printout produced by the program is shown in Figure 1.

From the printout it can be seen that answers from a questionnaire are used to generate a brief summary of the company history and conditions that, if accumulated by other means, could take considerable time and energy to accomplish. With the COSTAT questionnaire it is not necessary to schedule long interviews with the top manager of a firm to obtain information about his perceptions and overall impressions of the company's operation. While some form of personal contact is necessary for certain types of information,

FIGURE 1.

Partial Printout-COSTAT Computer Program

Name of Firm: COMARK, Inc.
Major Product/Service: C B Radios
Total Sales: $21,000,000
Total Assets: $15,000,000
Total Employees: 285

General Description of Firm

Major Area	Comments
History and Present Status	
Firm is over 10 years old	
Original owners no longer manage firm	
Original Product/Service still sold	
Marketing	
Market potential estimate not up to date	
Demand for product/service generally stable	
Operations	
**Top manager concentrates on daily operations	
Cost of materials show recent rise	
**Output volume decreased past year	
Planning	
Five-year plan in existence	
**Output volume not keeping up with past trends	
Sales forecasting data currently available	
Organizational Structure	
Organization chart on file	
**Top manager not delegating	
Corporate Environment	
Possible cost rise ahead for labor and materials	
**Government regulations may increase cost of operations	
Interest group or class-action suits may pose threat to company	
Corporate Actions/Strategy	
Written mission statement provides general purpose and guidelines	

**Indicates possible problem area

the COSTAT questionnaire alone may serve to free some managers and researchers or consultants for other duties. The collection of COSTAT data over longer periods of time could provide valuable information on changing perceptions of organizational problems, as well as major shifts in management thinking and priorities announced by the same or successive chief executives. Evidence of these gradual changes in emphasis may be of interest to a number of observers, including boards of directors and even the chief executives themselves.

SUMMARY

The use of a computer-assisted search for company problems appears to have special application in helping an outsider to get a quick look at an organization. Its greater value, however, may be in recording changes over a period of time and in assisting in a company's own self-diagnosis process. This could provide valuable support to the managers responsible for making and executing the critical decisions of a firm.[6] While recognizing that the COSTAT computer program is at an elementary stage of development and has a long way to go before it can use all the available information, it already appears to be a marginally effective screening device. Even with the obvious limitations, it provides a useful starting point: is of value in generating facts, ideas, and potential problem areas for further investigation. The program appears capable of expansion to accommodate a much more complex level of information investigation. The program appears capable of expansion to accommodate a much more complex level of information suitable for many of today's smaller and middle-size firms, or even divisions of the larger businesses. With the inclusion of some ideas being generated in the area of artificial intelligence, it is easy to envision a considerably greater range of applications.

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[1] H. Mintzburg, "Policy as a Field of Management Theory," *Academy of Management Review* (January, 1977), pp. 352-356.

[2] W. Kent, *Investigating and Industry: A Scientific Diagnosis of the Diseases of Management* (Easton: Hive Publishing, 1976): 17; and W.B. Wolf, *Management and Consulting: An Introduction to James O. McKinsey* (Ithaca, N.Y.: Cornell University Press, 1978), p. 52.

[3] W.H. Newman and J.P. Logan, Strategy, Policy and Central Management, 8th ed. (Cincinnati: Southwestern Publishing, 1981), p. vii.

[4] G.A. Wolfe, Jr., *Collecting Data from Patients* (Baltimore: University Park Press, 1977), pp. 19-34; and P.R. Mills, "80 Medical Opinion," *80 Micro Computing* (March, 1982), pp. 352-356.

[5] F.S. Stuart, *Fortran Programming* (New York: John Wiley & Sons, 1969), pp. 67-196.

[6] S.L. Alter, "How Effective Managers Use Information Systems," *Harvard Business Review* (November-December, 1976), p. 97.

MARKET CONSIDERATIONS AND THE PSYCHOGRAPHY OF THE ARKANSAS ELDERLY HEALTH CARE CONSUMER

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INTRODUCTION

Recent projections indicate that national health care expenditures will be more than three fourths of a trillion dollars by 1990.[1] Moreover, the use of improved medical technologies, the demands for quality care, and the increasing percentage of aging persons may dictate higher expenditure patterns in the future. This level of health care expenditures is very alarming, especially if considered comparatively. In 1970, it was 74.9 billion dollars but it was only 12.7 billion dollars in 1950.[2]

During the last twenty years the concerns about health hazards, encouraged by liberal governmental policies requiring minimal cost-reduction efforts by the health care providers, resulted in the present levels of health care expenditures amounting to more than 11 percent of GNP. It seems, however, that "future policies will have to struggle with how to ration health resources."[3] Additionally, the intensified efforts toward preventive health care should reduce the higher costs of acute health services by arresting the problem source before its serious development. Health maintenance organizations (HMOs) have traditionally claimed their propreventive orientation and their significant growth demonstrates that patients and insurance companies alike are not willing to continuously submit themselves to the increasing health costs.[4]

Attempts toward avoiding similar cost increases are taking different forms varying from do-it-yourself medical testing[5] to the incorporation of physician performance into the cost-containment programs of hospitals.[6] However, it must be recognized that health related issues must not be solved only in terms of cost. The patient needs are critical and health services should be humanized. It has been said that "in no other industry are the services so personal or the consumer so dependent."[7]

Understanding the patient needs and segmenting the Arkansas health care market accordingly is the aim of this study. Market segmentation should provide direction toward the development of more satisfying health care services by pinpointing unique market characteristics. Furthermore, the segments' internal homogeneity should indicate areas of health service delivery with standardization potential. This standardization may provide a useful base for cost reduction.

METHODOLOGY

This research is addressed to the older people in Arkansas. The rationale for this decision is that the older individuals in the state may have broader experiences with health care delivery than the younger people. Furthermore, since they are not presently hospitalized, their responses may not present forceful biases, for or against present health practices. The data for this study were collected through the Arkansas Household Research Panel (AHRP) in the Spring of 1982. AHRP maintains a consistent rotating membership of about 600 persons representative of the Arkansas demographic structure. Eighty-one percent of the panel members returned their questionnaires. No follow-up attempts were made.

The questionnaire had five parts: (1) health care experiences of the respondents in the last two weeks to twelve months; (2) present health status of the respondents, (3) psychographic statements related to health care; (4) psychographic statements of general nature; and (5) sports, activities, and hobbies of the respondents. Additionally, AHRP has available a great deal of information concerning the demography of its members. A total of 128 variables were finally obtained for analysis for each individual.

The survey instrument was developed *secundum artem* as an iterative process including the analysis of more than 600 health care related statements. Pre-testing, in-depth interviewing, and discussions with hospital administrators, medical practitioners, and academic personnel helped to refine its final form.

The analysis of the responses was based on standard statistical practices. Statistical tools used included nonparametric and parametric testing, multivariate techniques, factor and cluster analysis. Testing was performed using SAS routines at the University of Arkansas computer facilities.[8]

FINDINGS AND DISCUSSION

When the Arkansas health market is studied as a whole, 88.5 percent of the respondents present a behavioral pattern that may be described from the statements: "Much of what is most important in life cannot be expressed in words;" "I dislike things being uncertain and unpredictable;" "I would not allow my health insurance to lapse even for a day;" "Irrespective of satisfaction received, I always look for better alternatives;" "Everyone should take walks, bicycle, garden, or other exercise several times a week;" "I strongly prefer to live in areas where health services are easily available."[9] The same respondents also present another behavioral pattern where they disagree with the statements: "In general, my health is excellent" and "My health almost never keeps me from doing what I like to do."[10] It is necessary to clarify that the respondents presented those behavioral patterns by selecting the above statements from a total of 58 statements aiming to indicate general and health care-related psychographic characteristics.

For the sample population, therefore, it may be said that for 88.5 percent, the individuals are health concerned, price sensitive, alert about health related issues, and have doubts about their continuing well-being. Additionally, another 7.5 percent of the examined population appeared to have similar predispositions but not to the same degree.

Is it intuitively obvious to expect similar behavioral patterns, especially when the respondents are the older persons of the households? They are expected to be concerned about their health; to feel that health services are overpriced (especially since many of them depend on pension funds and fixed incomes), to buy health insurance (one of the very few pricing decisions that health consumers make), to try to have physical examinations and health activities, to be alert to their options, to doubt that their health is always excellent.

However, when only one specific segment of the sampled population was examined, using the same analytical techniques, the picture appeared to be quite different.[11] In this instance, only the 55-and-over age group was studied. Two hundred twenty-six respondents qualified for this segment and 70 percent of them presented two distinctive behavioral patterns. The first indicative of propreventive predispositions, and the second of negation to the existing medical establishment.[12]

The propreventive behavior pattern included statements such as: "Americans do not spend enough on health prevention;" "Even if you are not feeling sick, there can be things wrong with you;" "I would not allow my health insurance to lapse even for a day;" "I am willing to travel a long distance to find a doctor that I trust;" "Everybody should take vitamins;" "I worry a great deal about who will take care of me if I become ill;" "Much of what is important in life cannot be expressed in words;" "Irrespective of satisfaction received, I always look for better alternatives;" "I seek a lot of advice before any major purchase;" and "I like to try new and different things." (The first six statements originated from the part of the questionnaire that dealt with health-related issues; whereas, the rest had more general orientation.)

The same respondents presented another behavioral structure indicative of criticisms against the present medical system. The statements of this behavioral pattern included: "Doctors are inconsiderate of your time;" "The medical jargon is very confusing;" "Hospitals do not observe the patient's welfare, wishes and desires;" "The existing health care system is inadequate;" "With all the specialists today, it is hard to know where to go when you have a medical need;" and "I believe there is a crisis in health care."

By restating those findings, it can be said that 70 percent of the Arkansas elderly consumers (55-and-over segment) are positively inclined to receive preventive services (and pay for them) and, at the same time, they provide specific suggestions for improving the existing medical system. These improvements may make it more familiar and more desirable for its potential customers, assuming that the providers wish to concentrate on the above segment.

Interestingly enough, the analysis indicated the existence of another segment (25 percent of the 55-and-over group). This segment presented opposite behavior patterns to those of the larger grouping. The respondents of this segment did not present propreventive attitudes and did not express negative opinions of the existing medical establishment. Actually, when self-assessment of the respondents' health status was related to the segments, the respondents of the larger segment were less healthy and complained more than the respondents of the smaller segment.

SPECIFIC SUGGESTIONS

From a purely marketing perspective, it may be advantageous to target efforts toward a specific segment and to avoid offering such homogeneous services as those suggested from the total sample. Introducing (or continuing) a service addressed to the totality of the population is not an adequate solution. This service, being general, will not cater to specific needs, will not capitalize on the unique strengths of each of the providers, and may not avoid weaknesses of certain medical establishments. In contrast, if services are tailored to the needs of specific subgroups, providers may be able to offer services whose salient characteristics will be more desired and whose promotion, place, and price considerations are more appropriate.

Furthermore, since Arkansas providers serve different publics, they should examine the peculiarities of their own markets. For example, for the larger cluster of the 55-and-over group, this study indicated some helpful changes to the salient characteristics of health care service as well as to the promotion of health services to elderly consumers. One service change may be in line with the respondents' demand for more respect. A second one may be the respondents' wish for more substantiated explanation related to the treatment of symptoms by health organizations. One change affecting the sometimes assumed location "monopoly" and promotion issues may derive from the statement indicating that the health consumers look for better alternatives, irrespective of satisfaction received. It may be argued here that elderly health consumers will not patronize a health institution just because it is there, and that health consumers may be affected by word-of-mouth publicity. Moreover, it may be possible that elderly (55-and-over) Arkansas health care consumers are ready to use some propreventive health services such as physical examinations. A segment composed of 70 percent of the selected sample indicates similar predispositions and, in addition, wishes to pay for the service.

However, it should be clarified that similar suggestions are appropriate to providers whose market structure is approximating the demography and characteristics of AHRP. If their market is different (e.g., subjects presently hospitalized, living in retirement communities, and so on), the above suggestions will be less appropriate. At any rate, similar but narrowly targeted research is suggested to provide more exact dimensions of the marketing mix of preventive services to the elderly and also in order to identify the localized peculiarities of the different health care markets.

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[1] Mark S. Freeland and Carol Ellen Schandler, "National Health Expenditure: Growth in the 1980s: An Aging Population, New Technologies, and Increasing Competition," *Health Care Financing Review*, March 1983, Volume 4, Number 3, page 4.

[2] Ibid.

[3] S.E. Berki, "Health Care Policy: Lessons from the Past and Issues of the Future," *The Annals of the American Academy of Political and Social Science*, July 1983, Volume 48, page 231.

[4] "HMOs Are Rushing Feverishly to Go National," *Business Week*, October 24, 1983, p. 158.

[5] Cathey Pinckney, *Do-It-Yourself Medical Testing*, Facts on File Publications: New York, NY 1983.

[6] David W. Young and Richard B. Saltman, "Preventative Medicine for Hospital Costs," *Harvard Business Review*, January-February 1983, Vol. 61, No. 1, pages 126-133.

[7] R.B. Smith, "Patient Opinion Help Place Hospital Service in Perspective," *Hospitals*, 51 (1977), pp. 65-68.

[8] For details, see John Thanopoulos, "Life Styles and Psychographic Characteristics of Elderly Consumers As Determinants of Perception on Health Care," Ph.D. Dissertation, University of Arkansas, January 1983.

[9] This is "factor 1" for the total sample. Respective loadings for these statements were between .564 and .499. Individual respondents were scored out and classified into the predominant segment (88.5%).

[10] This is "factor 2" for the total sample. Respective loadings are -.581 and -.590.

[11] This is because the taxonomical procedures employed capitalize on geometric distances between observations and those distances are significant only after identifying specific subsegments.

[12] Those are factors 1 and 2 when only the 55-and-over segment is being examined. For factor 1 (propreventive) loadings ranged from .598 to .474, whereas for factor 2, loadings ranged from .622 to .504.

THE BESSIE BOEHM MOORE CENTER FOR ECONOMIC EDUCATION: AN UPDATE

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During its first five years, the Bessie Boehm Moore Center for Economic Education on the University of Arkansas campus has successfully launched a comprehensive program in economic education. The primary mission of the Center is to promote understanding of the American economic system and the part that individuals play in that system.

The primary audience for Center programs have been school teachers and their students but programs have also been developed for journalists, local government officials, labor leaders, bankers and others. Center activities to reach the target audiences have included workshops and seminars, material development and distribution, research in economic education and a media center for school and community use.

The Center has conducted sixty-two workshops, seminars and conferences ranging in duration from one day to three weeks. Over eighteen-hundred teachers, from throughout the state, have participated; and if one considers the number of students taught by these teachers, the potential impact seems a bit awesome.

The Center has maintained an ongoing research program including three major projects and numerous smaller studies. Research results have been presented at professional meetings and published in professional journals. Articles on economic topics have appeared under the Center byline in each quarterly issue of *The Arkansas Business and Economic Review* since 1979.

Teachers' use of media from the Center library has continued to grow rapidly; consequently, library holdings are being augmented whenever possible. There are now over one thousand items available in the library. The Center is also continuing to develop material for use by school teachers.

The Center program is growing in new and exciting directions. For example, a relationship has been established for a Developmental Economic Education Program (DEEP) with eight school districts across North Arkansas. These schools will gradually implement a K-12 comprehensive program with Center assistance. Also, the Associate Director of the Center is co-chairman of a curriculum project to develop materials on the economics of agriculture for nationwide use. The Associate Director and the Center will receive national recognition for this project. Moreover, an instructional improvement program for graduate instructors will be conducted by the Center prior to the fall semester. The Center will also develop and gather computer-based programs for teaching economics at all levels.

There is considerable evidence that existing programs have paid off. Twenty-eight teachers who have won national awards for excellence in teaching economic received their initial training in Center workshops. Numerous studies conducted by the Center have shown significant gains in understanding by teachers and students as measured by national standardized tests. Perhaps the best feedback, however, is the individual participant's statements on what the programs have meant to him or her and to each's better economic understanding.

Despite these successes and prospects for success, the need for economic understanding is greater than ever. Rapidly changing economic conditions make it increasingly difficult for our youngsters to make it in the economic world. The least we can do for them is provide sufficient understanding so that they can compete.

SELECTED ARKANSAS AND U.S. ECONOMIC INDICATORS

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ARKANSAS ECONOMY: Q-I, 1984 AND PROJECTED Q-II, 1984

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The Arkansas economy in Q-I, 1984, showed improvement in all indicators except Nonresidential Construction and Internal Waterborne Traffic. Meanwhile, the U.S. economy showed weaknesses in both Residential and Non-residential Construction as well as Cash Receipts from Farm Marketings. The Unemployment Rate fell in both economies.

More specifically, in Arkansas, the Savings and Loan activity was vigorous with both Net New Savings and New Loans showing better than 10 percent increases over the last quarter of 1983. Value Added by Manufacture also gained by an unexpected 10.5 percent. Personal Income growth was a strong 3.7 percent compared with the 3.0 percent increase in U.S. Personal Income.[1] Thus real personal income for the first quarter 1984, increased sharply as consumer prices for the quarter were held at an increase of less than 1 percent for the quarter. Of interest too is the fact that the increase in non-farm personal income in Q-I, 1984, was the fourth highest among the states.[2] Closer examination of Arkansas Personal Income reveals that the total nominal value for 1983 was almost fivefold that for the base year 1967. Inflation of course has accounted for about 50 percent of the change with a 45 percent growth in employment also adding substantially.

Estimating performance of the Arkansas economy in Q-II, 1984, Personal Income and Value Added are expected to make healthy gains as Total Employment continues to rise modestly and the Unemployment Rate holds even or falls slightly. Residential Construction will rise sharply while Non-residential Construction will turn up slightly. Cash Receipts will turn down modestly to reflect seasonality. Activities of Savings and Loan will show healthy movement while the River Traffic will indicate modest increases.

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[1] U.S., Department of Commerce, *NEWS*, BEA 84-38, released 29 August 1984, Table 2.

[2] Op. Cit. pp. 1, 3.

EMPLOYMENT

Base Year to Date and Quarterly Changes in Total Employment, Arkansas and United States

Seasonally adjusted, percent. Base Year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 45.4	- 2.3	- 1.2	+ 2.8	+ 3.2
United States	+ 39.5	+ 0.9	+ 1.7	+ 0.9	+ 1.2

Employment by Major Industry Group in Arkansas, and Unemployment Rate, Arkansas and United States

	Seasonally adjusted, units				Actual Rate, Percent	
TIME PERIOD	EMPLOYMENT				UNEMPLOYMENT RATE	
	Wage and Salary		Agricultural	Total	Arkansas	United States
	Manufacturing	Nonmanufacturing				
1977	208,900	483,400	62,800	876,000	6.6	7.1
1978	216,500	507,350	61,250	886,000	6.3	6.1
1979	217,750	526,700	65,800	926,000	6.2	5.8
1980	210,050	540,400	65,100	923,000	7.6	7.1
1981	212,100	536,150	64,100	936,000	9.1	7.6
1982	195,625	525,925	63,440	919,000	9.7	9.5
1983	199,880	531,265	62,395	920,730	9.5	9.7
1984, Q-I	208,610	556,790	62,935	958,135	10.0	8.4

PERSONAL INCOME

Base Year to Date and Quarterly Changes in Personal Income, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 441.7	+ 2.6	+ 2.1	+ 4.6	+ 3.7
United States	+ 362.3	+ 2.1	+ 1.8	+ 2.6	+ 3.0

Personal Income in Arkansas

Seasonally adjusted, millions of dollars

	1977	1978	1979	1980	1981	1982	1983	1984
Quarter								
Jan-Mar	2,837	3,118	3,724	4,014	4,507	4,786	5,047	5,737
Apr-Jun	2,948	3,208	3,759	4,002	4,606	4,811	5,179	
Jul-Sep	2,984	3,315	3,859	4,169	4,800	4,866	5,290	
Oct-Dec	3,070	3,406	3,963	4,288	4,813	4,968	5,530	
Annual	11,839	13,047	15,305	16,473	18,726	19,431	21,046	

VALUE ADDED BY MANUFACTURE

Base Year to Date and Quarterly Changes in Manufacturing, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 342.9	+ 1.2	+ 4.1	- 2.3	+ 10.5
United States	+ 58.8	+ 4.2	+ 5.1	+ 2.4	+ 2.8

Value Added by Manufacture in Arkansas

Seasonally adjusted, millions of dollars

	1977	1978	1979	1980	1981	1982	1983	1984	Not seasonally adjusted 1984
Quarter									
Jan-Mar	1,158.2	1,392.3	1,557.6	1,660.6	1,687.4	1,500.7	1,525.9	1,736.3	1,622.7
Apr-Jun	1,226.4	1,445.9	1,547.7	1,520.5	1,656.6	1,505.2	1,544.7		
Jul-Sep	1,234.1	1,411.2	1,505.9	1,545.0	1,599.5	1,497.0	1,608.5		
Oct-Dec	1,248.6	1,391.3	1,498.2	1,589.6	1,530.9	1,462.1	1,571.3		
Annual	4,867.3	5,640.7	6,109.4	6,315.7	6,474.4	5,965.0	6,250.4		

CASH RECEIPTS FROM FARM MARKETINGS

Base Year to Date and Quarterly Changes in Cash Receipts, Arkansas and United States

Seasonally adjusted, percent, Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 268.1	-5.4[R]	+ 31.6	+ 0.4	+ 1.1
United States	+ 209.3	- 0.6	+ 2.6	- 3.9	- 5.2

Cash Receipts from Farm Marketings in Arkansas

Seasonally adjusted, thousands of dollars

	1977	1978	1979	1980	1981	1982	1983[R]	1984	Not seasonally adjusted 1984
Quarter									
Jan-Mar	686,105	915,305	931,511	961,705	823,428	868,250	675,728	852,854	721,548
Apr-Jun	703,457	705,441	719,506	658,942	909,757	881,841	638,833		
Jul-Sep	578,357	760,304	762,307	879,485	1,011,547	800,923	840,884		
Oct-Dec	500,169	584,144	663,304	570,684	692,029	772,552	843,988		
Annual	2,468,088	2,965,194	3,081,628	3,070,816	3,436,761	3,323,566	2,999,433		

[R] - Revised based on USDA "1983 Monthly Cash Receipts," received May 1984.

ACTIVITY OF ARKANSAS SAVINGS AND LOAN ASSOCIATIONS

Base Year to Date and Quarterly Changes in Activity of Arkansas S & L Associations

Not seasonally adjusted, percent (based on CONSTANT DOLLARS), Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984-Q-I
Total New Loans	+ 685.2	+ 45.8	- 7.2	- 5.5	+ 16.6
Net New Savings	+ 371.7	- 37.6	- 56.9	+ 37.1	+ 13.8

Economic Activity of Arkansas Savings and Loan Associations

Not seasonally adjusted, Thousands of dollars

TIME	TOTAL NEW LOANS		NET NEW SAVINGS	
PERIOD	Current $	1967 $	Current $	1967 $
1977	815,800	448,590	405,000	223,492
1978	729,300	373,700	416,900	213,610
1979	625,900	290,560	436,830	204,525
1980	504,700	204,275	287,600	115,580
1981	360,800	132,970	20,000	7,240
1982	677,400	233,370	353,800	121,355
1983	2,370,300	793,540	1,446,300	487,430
1984 Q-I	712,300	232,500	277,000	90,410

WATERBORNE COMMERCE:
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM

Base Year to Date and Quarterly Changes in Total and Internal Tonnages

Not seasonally adjusted, percent, Base = Ave. Qtr. 1971

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Total	+ 156.8	- 7.2	+ 19.1	- 17.0	+ 25.8
Internal	- 20.3	+ 12.9	+ 53.7	- 21.1	- 2.9

Freight Traffic
Arkansas River Commerce

Not seasonally adjusted, Thousands of short tons

TIME PERIOD	TRAFFIC TONNAGES*			
	INBOUND	OUTBOUND	INTERNAL	TOTAL
1977	2,841	2,339	3,463	9,138
1978	2,595	3,899	3,170	10,216
1979	2,026	3,456	2,932	8,926
1980	1,611	4,643	2,408	9,133
1981	1,564	5,684	1,741	9,446
1982	1,520	4,611	1,561	8,258
1983	1,918	3,905	1,904	8,017
1984 Q-I	492	1,062	484	2,341

*Total tonnage includes "through traffic"—shipments which originate and terminate outside the Arkansas River Commerce Area.

RESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 300.9	+ 41.1	- 4.3	- 16.1	+ 2.9
United States	+ 351.0	+ 48.9	+ 1.2	- 15.5	- 0.3

Residential Construction Contracts in Arkansas

Seasonally adjusted, thousands of dollars

	1977	1978	1979	1980	1981	1982	1983	1984	Not seasonally adjusted 1984
Quarter									
Jan-Mar	160,861	220,739	205,119	144,050	176,180	115,590	206,450	242,890	215,900
Apr-Jun	173,558	236,915	153,917	137,600	159,750	153,850	240,380		
Jul-Sep	182,210	227,633	193,364	177,450	138,360	174,250	231,250		
Oct-Dec	217,222	236,718	154,130	185,450	158,510	204,440	228,180		
Annual	733,851	922,005	706,530	664,550	632,800	648,130	906,260		

NONRESIDENTIAL CONSTRUCTION CONTRACTS

Base Year to Date and Quarterly Changes in Residential Construction, Arkansas and United States

Not seasonally adjusted, percent, Base year = 1967

	1967 thru 1984 Q-I	1983 Q-I thru 1983 Q-II	1983 Q-II thru 1983 Q-III	1983 Q-III thru 1983 Q-IV	1983 Q-IV thru 1984 Q-I
Arkansas	+ 201.2	+ 30.8	- 1.5	+ 34.3	- 9.7
United States	+ 201.7	+ 14.3	+ 3.9	- 4.2	- 4.0

Nonresidential Construction Contracts in Arkansas

Not Seasonally adjusted, thousands of dollars

	1977	1978	1979	1980	1981	1982	1983	1984
Quarter								
Jan-Mar	57,486	72,851	88,988	72,300	90,500	96,300	69,500	108,500
Apr-Jun	63,726	60,479	109,976	91,200	72,700	54,700	90,900	
Jul-Sep	67,632	90,471	70,296	91,900	59,400	72,000	89,500	
Oct-Dec	76,866	69,041	112,549	99,700	79,500	56,600	120,200	
Annual	265,710	22,842	381,809	355,100	302,100	279,600	370,100	

LABOR FORCE ESTIMATES
April 1984, not seasonally adjusted

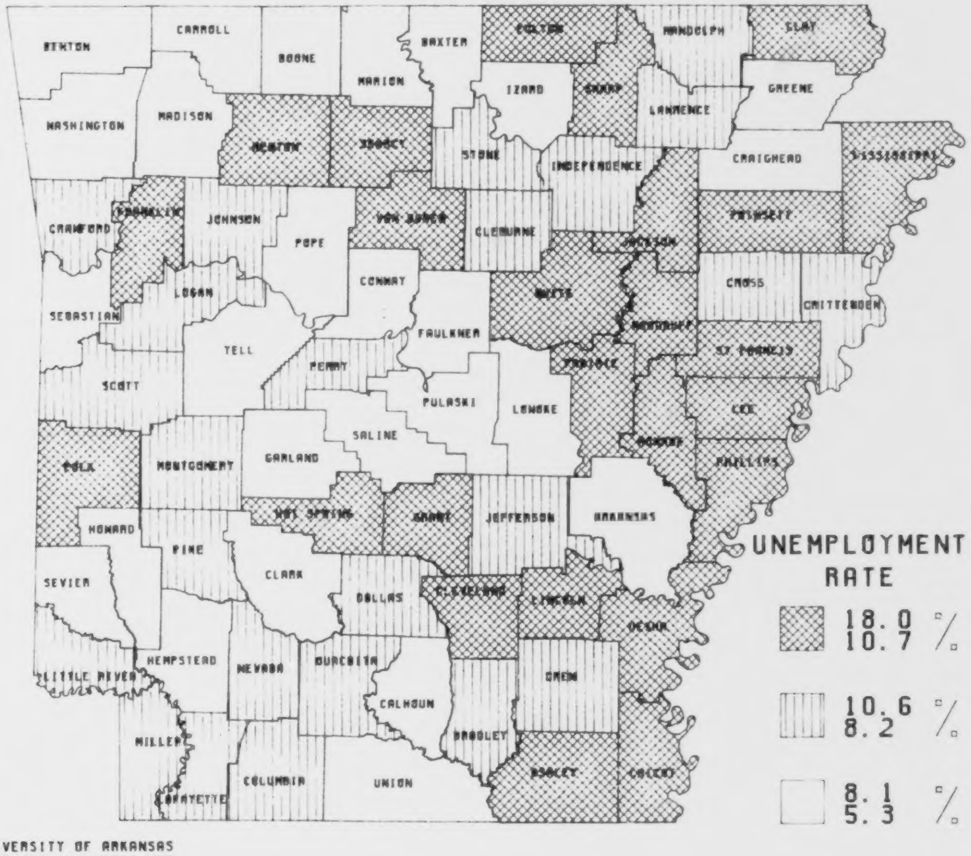
State and SMSA's	Civilian Labor Force	Unemployment Rate	Total Employment
UNITED STATES	112,152,000	7.6	103,628,000
STATE OF ARKANSAS	1,067,600	8.7	974,700
Fayetteville-Springdale SMSA (Benton & Washington Counties)	87,650	5.8	82,600
Fort Smith SMSA (Crawford & Sebastian Counties in Arkansas and LeFlore & Sequoyah Counties in Oklahoma)	94,050	8.3	86,250
Little Rock-North Little Rock SMSA (Pulaski & Saline Counties)	206,000	6.7	192,100
Pine Bluff SMSA (Jefferson County)	38,975	9.1	35,425

County	Civilian Labor Force	Unemployment Rate	Total Employment	County	Civilian Labor Force	Unemployment Rate	Total Employment
Arkansas	11,675	8.1	10,725	Lee	5,125	18.0	4,200
Ashley	10,675	12.2	9,375	Lincoln	4,125	12.1	3,625
Baxter	10,850	7.4	10,050	Little River	5,900	8.9	5,375
Benton	38,350	5.8	36,125	Logan	7,575	8.6	6,925
Boone	13,875	5.4	13,125	Lonoke	16,175	6.2	15,175
Bradley	5,000	9.5	4,525	Madison	6,450	7.0	6,000
Calhoun	2,800	8.0	2,575	Marion	6,850	6.2	6,425
Carroll	10,200	6.4	9,550	Miller	15,950	8.8	14,550
Chicot	6,850	16.4	5,725	Mississippi	27,075	11.0	24,100
Clark	11,025	7.0	10,250	Monroe	4,800	14.6	4,100
Clay	9,900	16.7	8,250	Montgomery	3,050	9.8	2,750
Cleburne	7,075	10.2	6,350	Nevada	4,125	9.7	3,725
Cleveland	1,950	16.7	1,625	Newton	2,350	12.8	2,050
Columbia	14,275	8.2	13,100	Ouachita	14,300	9.3	12,975
Conway	8,725	7.4	8,075	Perry	3,350	10.4	3,000
Craighead	32,650	6.7	30,450	Phillips	13,400	14.2	11,500
Crawford	17,425	8.8	15,900	Pike	3,925	9.6	3,550
Crittenden	24,700	10.0	22,225	Poinsett	10,750	13.3	9,325
Cross	8,650	10.1	7,775	Polk	5,975	11.7	5,275
Dallas	4,250	9.4	3,850	Pope	19,600	7.9	18,050
Desha	8,125	15.4	6,875	Prairie	3,975	10.7	3,550
Drew	8,150	8.6	7,450	Pulaski	178,100	6.7	165,150
Faulkner	23,575	7.7	21,750	Randolph	7,375	9.5	6,675
Franklin	6,625	14.3	5,675	St. Francis	13,400	14.7	11,425
Fulton	2,875	11.3	2,550	Saline	27,900	7.0	25,950
Garland	33,175	8.0	30,525	Scott	3,400	9.6	3,075
Grant	4,300	11.6	3,800	Searcy	3,200	13.3	2,775
Greene	14,150	7.1	13,150	Sebastian	44,600	8.0	41,025
Hempstead	10,650	7.5	9,850	Sevier	6,475	7.7	5,975
Hot Spring	11,225	13.8	9,675	Sharp	4,625	11.9	4,075
Howard	8,425	5.3	7,975	Stone	3,950	10.1	3,550
Independence	16,475	8.3	15,100	Union	24,700	8.1	22,700
Izard	4,700	8.0	4,325	Van Buren	4,275	11.7	3,775
Jackson	10,225	17.1	8,475	Washington	49,300	5.7	46,475
Jefferson	38,975	9.1	35,425	White	24,400	12.4	21,375
Johnson	9,425	9.8	8,500	Woodruff	4,525	12.7	3,950
Lafayette	3,775	10.6	3,375	Yell	8,425	6.5	7,875
Lawrence	8,375	9.9	7,550				

Source: The Research and Statistics Section, Arkansas Employment Security Division.

LABOR FORCE ESTIMATES
APRIL 1984

IN APRIL, ARKANSAS' CIVILIAN LABOR FORCE ROSE BY 16,800 TO TOTAL 1,067,600. TOTAL EMPLOYMENT INCREASED 19,100 TO TOTAL 974,700. UNEMPLOYMENT FELL 2,300 TO TOTAL 92,900. OF THE 75 COUNTIES, HOWARD HAD THE LOWEST UNEMPLOYMENT RATE AT 5.3 PERCENT AND LEE THE HIGHEST AT 18.0 PERCENT. MOREOVER THE UNEMPLOYMENT RATES IN 45 COUNTIES EQUALLED OR EXCEEDED THE STATE RATE. FOR THE SMSAS, FAYETTEVILLE - SPRINGDALE HAD THE LOWEST UNEMPLOYMENT RATE AT 5.8 PERCENT AND PINE BLUFF HAD THE HIGHEST RATE AT 9.1 PERCENT. THE RATES FOR THE LITTLE ROCK-NORTH LITTLE ROCK AND THE FORT SMITH SMSAS WERE 6.7 AND 8.3 PERCENT, RESPECTIVELY.


BENTON
CARROLL
BOONE
MARION
BAXTER
FULTON
RANDOLPH
CLAY
IZARD
SHARP
LAWRENCE
GREENE
WASHINGTON
MADISON
NEWTON
SEARCY
STONE
INDEPENDENCE
CRAIGHEAD
MISSISSIPPI
CRAWFORD
FRANKLIN
JOHNSON
POPE
VAN BUREN
CLEBURNE
JACKSON
POINSETT
CONWAY
WHITE
CROSS
CRITTENDEN
SEBASTIAN
LOGAN
FAULKNER
WOODRUFF
ST FRANCIS
TELL
PERRY
PRAIRIE
SCOTT
PULASKI
LONOKE
LEE
SALINE
MONROE
POLK
MONTGOMERY
GARLAND
PHILLIPS
HOT SPRING
GRANT
JEFFERSON
ARKANSAS
HOWARD
PIKE
SEVIER
CLARK
DALLAS
CLEVELAND
LINCOLN
DESHA
HEMPSTEAD
NEVADA
OUACHITA
LITTLE RIVER
CALHOUN
DREW
MILLER
BRADLEY
COLUMBIA
UNION
ASHLEY
CHICOT
LAFAYETTE
UNEMPLOYMENT RATE
▩ 18.0 % 10.7 %
▥ 10.6 % 8.2 %
☐ 8.1 % 5.3 %

UNIVERSITY OF ARKANSAS
COMPUTER GENERATED MAP

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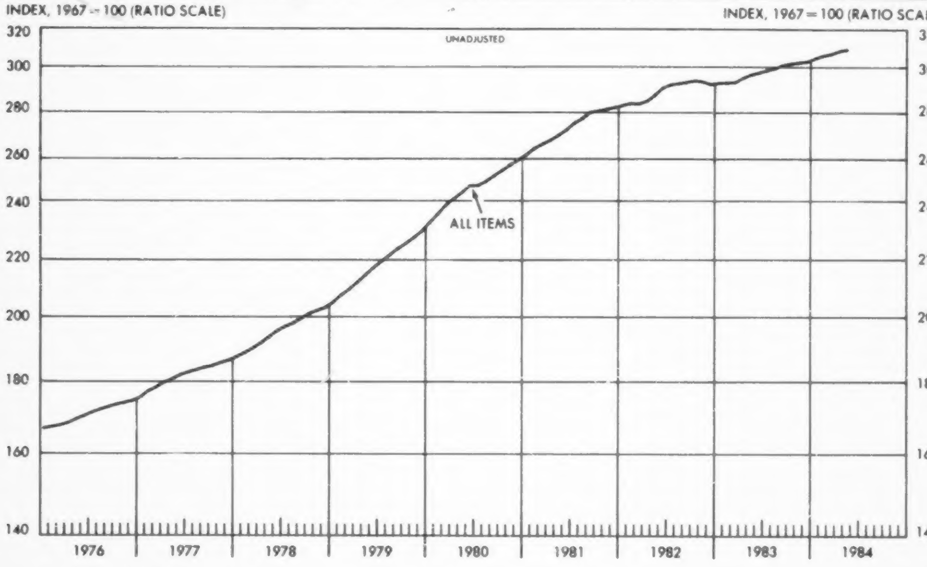
CONSUMER PRICES

In May, the consumer price index for all urban consumers rose 0.2 percent seasonally adjusted (0.3 percent not seasonally adjusted). The index was 4.2 percent above its level in May 1983.



SEE NOTE ON TABLE BELOW
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1967 = 100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items [1]	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [4]	All items less food, energy, and shelter
			Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel [3]			
				Total	Renters' costs [2]	Homeowners' costs [2]	Maintenance and repairs								
	NSA					NSA	NSA								
Rel. imp. [5]	*100.0*	*18.7*	*37.6*	*21.5*	*7.0*	*14.0*	*0.5*	*8.2*	*5.2*	*21.8*	*3.5*	*5.9*	*6.1*	*11.9*	*47.9*
1976	170.5	180.8	174.6	179.0	....	....	199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1	....	....	214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4	....	....	233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.1
1979	217.4	234.5	227.6	239.7	....	....	256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7	....	....	285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7	....	....	314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0	....	....	334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1983	298.4	291.7	323.1	344.8	103.0	102.5	346.3	370.3	196.5	298.4	202.6	376.4	357.3	419.3	258.4
1983: May	297.1	292.1	321.1	342.3	102.2	102.0	344.3	368.4	195.7	296.4	201.1	379.8	354.8	420.5	256.3
June	298.1	291.5	321.9	343.3	102.5	102.2	345.1	369.3	196.3	297.3	201.3	381.0	356.5	421.6	257.1
July	299.3	291.2	323.2	345.1	103.1	102.7	346.1	370.7	197.3	298.7	201.7	382.5	358.5	423.2	258.4
Aug	300.3	291.7	324.1	346.3	103.6	103.0	347.9	371.9	197.9	300.8	203.3	383.7	360.3	424.6	259.7
Sept	301.8	292.3	325.3	348.0	104.2	103.5	346.6	372.9	198.2	302.8	204.9	383.7	361.7	425.1	260.9
Oct	302.6	293.5	326.0	349.3	104.6	103.9	351.1	372.2	198.2	304.4	205.5	383.2	362.9	424.2	262.2
Nov	303.1	294.1	327.4	350.7	105.0	104.3	353.4	374.4	198.5	305.5	205.3	381.6	364.7	424.5	263.5
Dec	303.5	295.4	328.1	351.8	105.3	104.5	354.7	373.8	198.5	306.1	205.7	379.8	366.0	423.3	264.2
1984: Jan	305.2	300.2	329.6	353.0	105.7	104.9	356.7	378.2	199.0	306.7	205.6	375.9	368.6	421.7	265.8
Feb	306.6	302.2	331.1	353.8	106.0	105.1	353.5	384.8	198.5	306.6	206.4	370.5	371.5	422.7	266.7
Mar	307.3	301.8	331.2	355.3	106.5	105.6	355.3	380.9	198.6	309.4	207.4	374.0	373.5	421.8	267.8
Apr	308.8	301.7	333.3	357.6	107.4	106.2	356.3	383.9	198.5	311.2	207.6	375.4	375.3	424.7	269.1
May	309.7	300.9	334.1	358.7	107.8	106.5	357.3	384.6	198.6	312.7	207.2	376.1	377.3	425.4	270.0

[1] Includes items not shown separately.

[2] December 1982 = 100.

[3] Includes direct pricing of diesel and gasohol beginning September 1981.

[4] Fuel oil, coal, and bottled gas; gas (piped) and electricity; and motor fuel. Motor oil, coolant, etc. also included through 1982.

[5] Relative importance, December 1983.

NOTE.—NSA indicates data are not seasonally adjusted.

Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.

Data beginning 1983 incorporate a rental equivalence measure for homeownership costs and therefore are not strictly comparable with figures for earlier periods.

Source: Department of Labor, Bureau of Labor Statistics.

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Research Report

Arkansas State and County Economic Data

UALR IREC

State and County Economic Data for Arkansas

prepared by:

Frank H. Troutman
and
Neva Wayman

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Industrial Research and Extension Center
Research and Public Services
University of Arkansas at Little Rock
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Little Rock, Arkansas 72204

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October 1983

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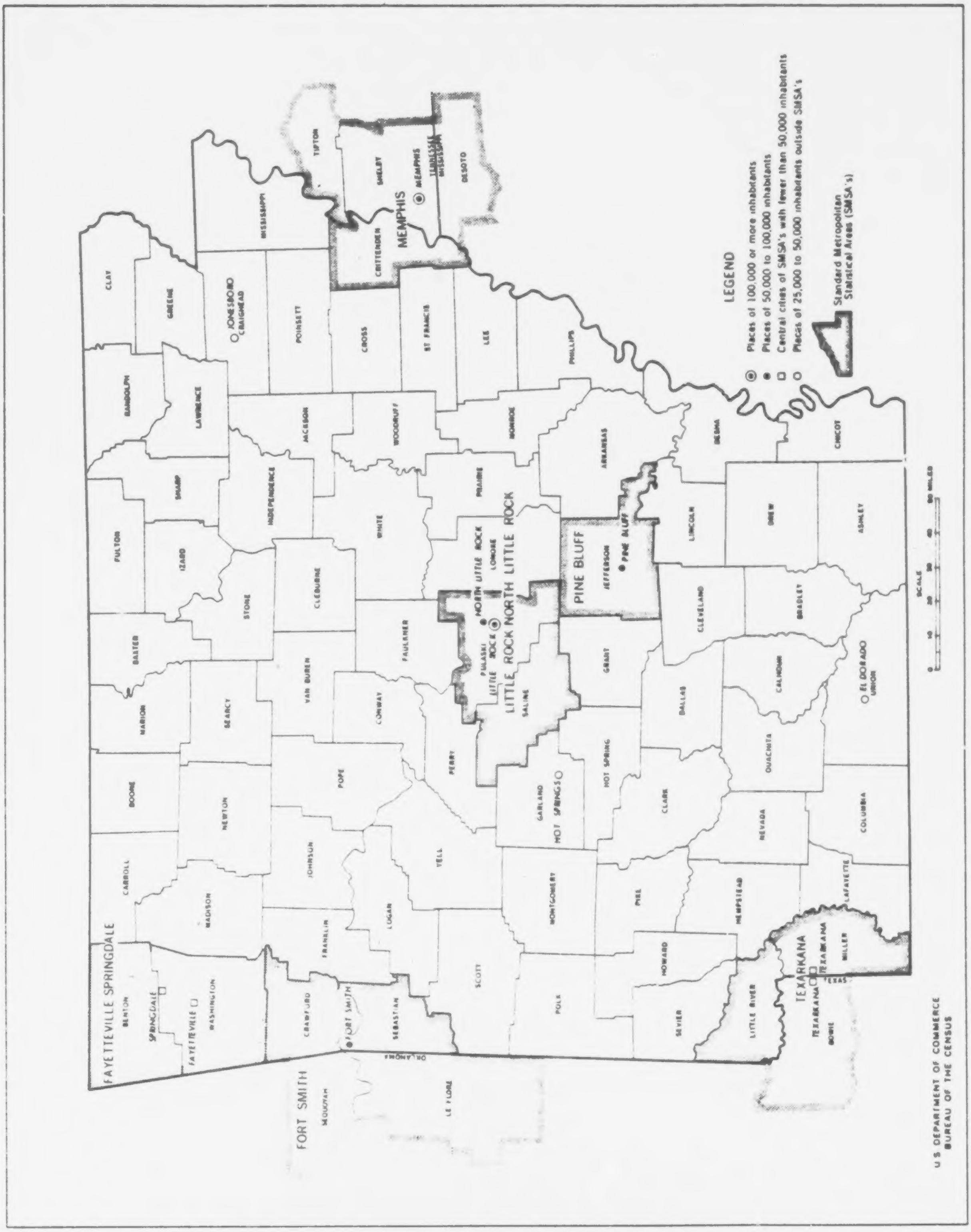
COUNTIES, METROPOLITAN AREAS AND SELECTED PLACES: ARKANSAS


LEGEND
◉ Places of 100,000 or more inhabitants
● Places of 50,000 to 100,000 inhabitants
□ Central cities of SMSA's with fewer than 50,000 inhabitants
○ Places of 25,000 to 50,000 inhabitants outside SMSA's
Standard Metropolitan Statistical Areas (SMSA's)
SCALE
0 10 20 30 40 50 MILES
MEMPHIS
TIPTON
SHELBY
MEMPHIS
TENNESSEE
MISSISSIPPI
DESOTO
CRITTENDEN
MISSISSIPPI
CLAY
GREENE
JONESBORO
CRAIGHEAD
POINSETT
CROSS
ST FRANCIS
LEE
PHILLIPS
RANDOLPH
LAWRENCE
JACKSON
WOODRUFF
MONROE
ARKANSAS
DESHA
CHICOT
SHARP
INDEPENDENCE
WHITE
PRAIRIE
LINCOLN
DREW
ASHLEY
FULTON
IZARD
STONE
CLEBURNE
NORTH LITTLE ROCK
LONOKE
LITTLE ROCK NORTH LITTLE ROCK
PINE BLUFF
JEFFERSON
PINE BLUFF
CLEVELAND
BRADLEY
BAXTER
FAULKNER
PULASKI
LITTLE ROCK
SALINE
GRANT
CALHOUN
EL DORADO
UNION
MARION
SEARCY
VAN BUREN
CONWAY
PERRY
DALLAS
OUACHITA
BOONE
NEWTON
POPE
GARLAND
HOT SPRINGS
HOT SPRING
CLARK
NEVADA
COLUMBIA
CARROLL
JOHNSON
YELL
MONTGOMERY
PIKE
HEMPSTEAD
LAFAYETTE
FAYETTEVILLE SPRINGDALE
MADISON
FRANKLIN
LOGAN
HOWARD
TEXARKANA
MILLER
BENTON
SPRINGDALE
FAYETTEVILLE
WASHINGTON
CRAWFORD
FORT SMITH
SEBASTIAN
SCOTT
POLK
SEVIER
LITTLE RIVER
TEXARKANA
BOWIE
TEXAS
OKLAHOMA
FORT SMITH
SEQUOYAH
LE FLORE
U S DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS

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TOTAL RESIDENT POPULATION, 1960, 1970 AND 1980

Region	Census of Population, April 1			Change			
				1960-1970		1970-1980	
	1960	1970	1980	Number	Average Annual Growth (percent)	Number	Average Annual Growth (percent)
Arkansas	1,786,272	1,923,322[1]	2,286,419[2]	137,050	0.7	363,097	1.7
SMSAs:							
Fayetteville-Springdale	92,069	127,846	178,609	35,777	3.3	50,763	3.4
Fort Smith: AR-OK	135,110	160,421	203,511	25,311	1.7	43,090	2.4
Little Rock-North Little Rock	271,936	323,296	393,774	51,360	1.7	70,478	2.0
Memphis: TN-AR-MS	727,038	834,103	913,472	107,065	1.4	79,369	0.9
Pine Bluff	81,373	85,329	90,718	3,956	0.5	5,389	0.6
Texarkana: TX-AR	100,868	113,488	127,019	12,620	1.2	13,531	1.1
Counties:							
Arkansas	23,356	23,347	24,175	[illegible]	(Z)	828	0.3
Ashley	24,220	24,976	26,538	756	0.3	1,562	0.6
Baxter	9,943	15,319	27,409	5,376	4.4	12,090	6.0
Benton	36,272	50,476	78,115	14,204	3.4	27,639	4.5
Boone	16,116	19,073	26,067	2,957	1.7	6,994	3.2
Bradley	14,029	12,778	13,803	-1,251	-0.9	1,025	0.8
Calhoun	5,991	5,573	6,079	-418	-0.7	506	0.9
Carroll	11,284	12,301	16,203	1,017	0.9	3,902	2.8
Chicot	18,990	18,164	17,793	-826	-0.4	-371	-0.2
Clark	20,950	21,537	23,326	587	0.3	1,789	0.8
Clay	21,258	18,771	20,616	-2,487	-1.2	1,845	0.9
Cleburne	9,059	10,349	16,909	1,290	1.3	6,560	5.0
Cleveland	6,944	6,605	7,868	-339	-0.5	1,263	1.8
Columbia	26,400	25,952	26,644	-448	-0.2	692	0.3
Conway	15,430	16,805	19,505	1,375	0.9	2,700	1.5
Craighead	47,303	52,068	63,239	4,765	1.0	11,171	2.0
Crawford	21,318	25,677	36,892	4,359	1.9	11,215	3.7
Crittenden	47,564	48,106	49,499	542	0.1	1,393	0.3
Cross	19,551	19,783	20,434	232	0.1	651	0.3
Dallas	10,522	10,022	10,515	-500	-0.5	493	0.5
Desha	20,770	18,761	19,760	-2,009	-1.0	999	0.5
Drew	15,213	15,157	17,910	-56	(Z)	2,753	1.7
Faulkner	24,303	31,578[1]	46,192	7,275	2.7	14,614	3.9
Franklin	10,213	11,301	14,705	1,088	1.0	3,404	2.7
Fulton	6,657	7,699	9,975	1,042	1.5	2,276	2.6
Garland	46,697	54,131	70,531	7,434	1.5	16,400	2.7
Grant	8,294	9,711	13,008	1,417	1.6	3,297	3.0
Greene	25,198	24,765	30,744	-433	-0.2	5,979	2.2
Hempstead	19,661	19,308	23,635	-353	-0.2	4,327	2.0
Hot Spring	21,893	21,963	26,819	70	(Z)	4,856	2.0
Howard	10,878	11,412	13,459	534	0.5	2,047	1.7
Independence	20,048	22,723	30,147	2,675	1.3	7,424	2.9
Izard	6,766	7,381	10,768	615	0.9	3,387	3.8
Jackson	22,843	20,452	21,646	-2,391	-1.1	1,194	0.6
Jefferson	81,373	85,329	90,718	3,956	0.5	5,389	0.6
Johnson	12,421	13,630	17,423	1,209	0.9	3,793	2.5
Lafayette	11,030	10,018	10,213	-1,012	-1.0	195	0.2
Lawrence	17,267	16,320	18,447	-947	-0.6	2,127	1.2
Lee	21,001	18,884	15,539	-2,117	-1.1	-3,345	-1.9
Lincoln	14,447	12,913	13,369	-1,534	-1.1	456	0.3
Little River	9,211	11,194	13,952	1,983	2.0	2,758	2.2
Logan	15,957	16,789	20,144	832	0.5	3,355	1.8
Lonoke	24,551	26,249	34,518	1,698	0.7	8,269	2.8
Madison	9,068	9,453	11,373	385	0.4	1,920	1.9
Marion	6,041	7,000	11,334	959	1.5	4,334	4.9
Miller	31,686	33,385	37,766	1,699	0.5	4,381	1.2
Mississippi	70,174	62,060	59,517	-8,114	-1.2	-2,543	-0.4
Monroe	17,327	15,657	14,052	-1,670	-1.0	-1,605	-1.1
Montgomery	5,370	5,821	7,771	451	0.8	1,950	2.9
Nevada	10,700	10,111	11,097	-589	-0.6	986	0.9
Newton	5,963	5,844	7,756	-119	-0.2	1,912	2.9
Ouachita	31,641	30,896	30,541	-745	-0.2	-355	-0.1
Perry	4,927	5,634	7,266	707	1.3	1,632	2.6
Phillips	43,997	40,046	34,772	-3,951	-0.9	-5,274	-1.4
Pike	7,864	8,711	10,373	847	1.0	1,662	1.8
Poinsett	30,834	26,843[1]	27,032	-3,991	-1.4	189	0.1
Polk	11,981	13,297	17,007	1,316	1.0	3,710	2.5
Pope	21,177	28,607	39,021	7,430	3.1	10,414	3.2
Prairie	10,515	10,249	10,140	-266	-0.3	-109	-0.1
Pulaski	242,980	287,189	340,597[2]	44,209	1.7	53,408	1.7
Randolph	12,520	12,645	16,834	125	0.1	4,189	2.9
St. Francis	33,303	30,799	30,858	-2,504	-0.8	59	(Z)
Saline	28,956	36,107	53,161	7,151	2.2	17,054	3.9
Scott	7,297	8,207	9,685	910	1.2	1,478	1.7
Searcy	8,124	7,731	8,847	-393	-0.5	1,116	1.4
Sebastian	66,685	79,237	95,172	12,552	1.7	15,935	1.8
Sevier	10,156	11,272	14,060	1,116	1.0	2,788	2.2
Sharp	6,319	8,233	14,607	1,914	2.7	6,374	5.9
Stone	6,294	6,838	9,022	544	0.8	2,184	2.8
Union	49,518	45,428	48,573	-4,090	-0.9	3,145	0.7
Van Buren	7,228	8,275	13,357	1,047	1.4	5,082	4.9
Washington	55,797	77,370	100,494	21,573	3.3	23,124	2.6
White	32,745	39,253	50,835	6,508	1.8	11,582	2.6
Woodruff	13,954	11,566	11,222	-2,388	-1.9	-344	-0.3
Yell	11,940	14,208	17,026	2,268	1.8	2,818	1.8

(Z) – Less than 0.05 percent.

[1] Includes corrections to the 1970 census count of the total population made after the final census tabulation was made. The previously published count for Arkansas was 1,923,295.

[2] Includes corrections to the 1980 census count of the total population made after the final census tabulation was made. The previously published counts for Arkansas were 2,285,513 and 2,286,435.

Source: U.S. Department of Commerce, Bureau of the Census, *Census of Population 1970* and *1980*

CHANGES IN POPULATION, 1970 TO 1980

Area	Total Change	Components of Change				
		Births	Deaths	Natural Increase	Net Migration	
					Number	Percent[1]
Arkansas	363,097[2]	347,725	215,967	131,758	231,330	11.0
SMSA's:						
Fayetteville-Springdale	50,763	22,813	13,539	9,274	41,489	27.1
Fort Smith: AR-OK	43,090	29,254	17,421	11,833	31,257	17.2
Little Rock-North Little Rock	70,478	66,023	30,186	35,837	34,641	9.7
Memphis: TN-AR-MS	79,369	155,818	74,975	80,843	-1,474	-0.2
Pine Bluff	5,389	15,395	8,367	7,028	-1,639	-1.9
Texarkana: TX-AR	13,531	20,404	12,092	8,312	5,219	4.3
Counties:						
Arkansas	828	4,193	2,742	1,451	-623	-2.6
Ashley	1,562	4,551	2,450	2,101	-539	-2.1
Baxter	12,090	2,536	2,939	-403	12,493	58.5
Benton	27,639	9,115	6,619	2,496	25,143	39.1
Boone	6,994	3,707	2,546	1,161	5,833	25.8
Bradley	1,025	1,988	1,736	252	773	5.8
Calhoun	506	720	723	-3	509	8.7
Carroll	3,902	1,899	1,793	106	3,796	26.6
Chicot	-371	3,604	2,219	1,385	-1,756	-9.8
Clark	1,789	3,066	2,322	744	1,045	4.7
Clay	1,845	2,689	2,703	-14	1,859	9.4
Cleburne	6,560	1,696	1,589	107	6,453	47.3
Cleveland	1,263	899	770	129	1,134	15.7
Columbia	692	3,761	3,025	736	-44	-0.2
Conway	2,700	2,875	1,828	1,047	1,653	9.1
Craighead	11,171	8,938	5,204	3,734	7,437	12.9
Crawford	11,215	5,094	2,811	2,283	8,932	28.6
Crittenden	1,393	10,425	4,451	5,974	-4,581	-9.4
Cross	651	3,914	1,953	1,961	-1,310	-6.5
Dallas	493	1,651	1,382	269	224	2.2
Desha	999	3,760	2,123	1,637	-638	-3.3
Drew	2,753	2,712	1,647	1,065	1,688	10.2
Faulkner	14,614[2]	5,728	3,031	2,697	11,917	30.6
Franklin	3,404	1,794	1,483	311	3,093	23.8
Fulton	2,276	1,077	1,154	-77	2,353	26.6
Garland	16,400	8,613	8,926	-313	16,713	26.8
Grant	3,297	1,594	1,117	477	2,820	24.8
Greene	5,979	3,966	2,919	1,047	4,932	17.8
Hempstead	4,327	3,329	2,596	733	3,594	16.7
Hot Spring	4,853	3,598	2,517	1,081	3,775	15.5
Howard	2,047	2,070	1,551	519	1,528	12.3
Independence	7,424	3,718	2,779	939	6,485	24.5
Izard	3,387	989	1,217	-228	3,615	39.8
Jackson	1,194	3,233	2,300	933	261	1.2
Jefferson	5,389	15,395	8,367	7,028	-1,639	-1.9
Johnson	3,793	2,110	1,877	233	3,560	22.9
Lafayette	195	1,671	1,277	394	-199	-2.0
Lawrence	2,127	2,614	2,080	534	1,593	9.2
Lee	-3,345	3,455	1,874	1,581	-4,926	-28.6
Lincoln	456	2,013	1,223	790	-334	-2.5
Little River	2,758	2,187	1,196	991	1,767	14.1
Logan	3,355	2,755	2,199	556	2,799	15.2
Lonoke	8,269	5,384	2,898	2,486	5,783	19.0
Madison	1,920	1,542	1,178	364	1,556	14.9
Marion	4,334	1,044	1,160	-116	4,450	48.5
Miller	4,381	6,324	3,777	2,547	1,834	5.2
Mississippi	-2,543	13,127	6,054	7,073	-9,616	-15.8
Monroe	-1,605	2,623	1,838	785	-2,390	-16.1
Montgomery	1,950	838	803	35	1,915	28.2
Nevada	986	1,703	1,532	171	815	7.7
Newton	1,912	1,065	623	442	1,470	21.6
Ouachita	-355	4,852	3,608	1,244	-1,599	-5.2
Perry	1,632	1,079	721	358	1,274	19.8
Phillips	-5,274	8,212	4,502	3,710	-8,984	-24.0
Pike	1,662	1,358	1,212	146	1,516	15.9
Poinsett	189[2]	4,469	2,703	1,766	-1,577	-5.9
Polk	3,710	2,326	1,967	359	3,351	22.1
Pope	10,414	5,206	2,960	2,245	8,169	24.2
Prairie	-109	1,492	1,137	355	-464	-4.6
Pulaski	53,408	59,614	27,025	32,589	20,819	6.6
Randolph	4,189	2,051	1,666	385	3,804	25.8
St. Francis	59	6,818	3,141	3,677	-3,618	-11.7
Saline	17,054	6,409	3,161	3,248	13,806	30.9
Scott	1,478	1,149	961	188	1,290	14.4
Searcy	1,116	1,073	910	163	953	11.5
Sebastian	15,935	14,252	8,051	6,201	9,734	11.2
Sevier	2,788	1,948	1,515	433	2,355	18.6
Sharp	6,374	1,364	1,373	-9	6,383	56.9
Stone	2,184	1,054	816	238	1,946	24.5
Union	3,145	7,356	5,539	1,817	1,328	2.8
Van Buren	5,082	1,323	1,159	164	4,918	45.5
Washington	23,124	13,698	6,920	6,778	16,346	18.3
White	11,582	6,980	4,443	2,537	9,045	20.1
Woodruff	-344	1,908	1,480	428	-772	-6.8
Yell	2,818	2,383	1,876	507	2,311	14.8

[1] Percent based on midperiod population.

[2] Includes corrections to the 1980 census count of the total population made after the first census tabulation was made. The previously published counts for Arkansas were 2,285,513 and 2,286,435.

Sources: Derived from 1980 Census of Population and annual vital statistics reports from the Arkansas Department of Health; Oklahoma Employment Security Division; Tennessee State Planning Office; Department of Sociology, Mississippi State University; and U.S. Census Bureau (Texas County).

LABOR FORCE AND EMPLOYMENT, 1975 AND 1982

	Total Civilian Labor Force[2]			Employment: Total[2]			Employment: Nonagricultural Wage and Salary[3]			Unemployment Rate[4]	
Area	1975	1982	Average Annual Growth (percent)	1975	1982	Average Annual Growth (percent)	1975	1982	Average Annual Growth (percent)	1975	1982
Arkansas[5]	852,200	1,018,000	2.6	771,200	919,000	2.5	623,800	719,300	2.1	9.5	9.7
SMSAs:											
Fayetteville-Springdale	62,800	82,200	3.9	57,450	76,500	4.2	49,100	65,000	4.1	8.5	6.9
Fort Smith: AR-OK	73,550	86,650	2.4	66,200	77,300	2.2	55,400	65,400	2.4	10.0	10.8
Little Rock-North Little Rock	164,000	197,100	2.7	152,400	182,100	2.6	152,100	176,400	2.1	7.1	7.6
Memphis: TN-AR-MS	359,500	403,700	1.7	332,800	364,400	1.3	320,200	347,300	1.2	7.4	9.7
Pine Bluff	32,950	38,550	2.3	30,125	34,575	2.0	26,025	29,275	1.7	8.6	10.3
Texarkana: TX-AR	43,750	50,220	2.0	39,170	45,300	2.1	37,930	44,850	2.4	10.5	9.8
Multicounty Labor Areas:											
Camden (Calhoun and Ouachita)	13,650	15,175	1.5	11,975	13,600	1.8	9,650	10,750	1.6	12.3	10.4
Morrilton (Conway and Perry)	9,675	11,150	2.0	8,600	9,525	1.5	5,375	6,050	1.7	11.1	14.6
Russellville (Pope and Yell)	21,325	26,750	3.3	19,600	24,125	3.0	14,250	17,525	3.0	8.1	9.8
Counties:											
Arkansas (Stuttgart)	11,025	12,200	1.5	10,575	11,250	0.9	7,325	7,775	0.9	4.1	7.8
Ashley (Crossett)	9,975	10,675	1.0	9,225	9,500	0.4	8,000	8,050	0.1	7.5	11.0
Baxter (Mountain Home)	8,125	9,900	2.9	7,775	9,125	2.3	6,575	7,500	1.9	4.3	7.8
Boone (Harrison)	9,550	12,625	4.1	8,825	11,850	4.3	7,025	9,350	4.2	7.6	6.1
Bradley (Warren)	4,875	5,175	0.9	4,200	4,500	1.0	3,475	3,650	0.7	13.8	13.0
Carroll (Berryville)	6,075	8,250	4.5	5,575	7,600	4.5	3,225	4,425	4.6	8.2	7.9
Chicot (Dermott)	5,950	7,075	2.5	5,150	6,250	2.8	3,875	3,600	-1.0	13.4	11.7
Clark (Arkadelphia)	7,650	9,975	3.9	6,800	9,175	4.4	6,350	7,300	2.0	11.1	8.0
Clay (Piggott)	8,850	9,125	0.4	7,800	7,975	0.3	3,650	4,300	2.4	11.9	12.6
Cleburne (Heber Springs)	4,475	6,375	5.2	3,900	5,550	5.2	2,300	3,300	5.3	12.8	12.9
Cleveland (Rison)	1,850	1,925	0.6	1,625	1,600	-0.2	700	700	0.0	12.2	16.9
Columbia (Magnolia)	12,000	13,650	1.9	11,075	12,625	1.9	7,475	8,400	1.7	7.7	7.5
Craighead (Jonesboro)	25,725	31,275	2.8	23,500	28,400	2.7	18,600	22,250	2.6	8.6	9.2
Crittenden (part of Memphis SMSA)	18,700	24,075	3.7	16,700	21,425	3.6	N.A.	N.A.	-	10.7	11.0
Cross (Wynne)	7,825	8,875	1.8	7,200	7,975	1.5	4,175	4,625	1.5	8.0	10.1
Dallas (Fordyce)	3,825	4,100	1.0	3,475	3,675	0.8	2,975	3,075	0.5	9.2	10.4
Desha (McGehee)	7,050	7,775	1.4	6,200	6,950	1.6	4,225	4,800	1.8	12.1	10.6
Drew (Monticello)	7,300	8,225	1.7	6,425	7,275	1.8	4,800	5,400	1.7	12.0	11.6
Faulkner (Conway)	17,125	21,775	3.5	15,375	19,700	3.6	11,100	14,550	3.9	10.2	9.5
Franklin (Ozark)	5,150	6,750	3.9	4,625	6,050	3.9	2,625	3,425	3.9	10.2	10.4
Fulton (Salem)	2,725	2,750	0.1	2,500	2,500	0.0	1,450	1,425	-0.2	8.3	9.1
Garland (Hot Springs)	25,350	30,875	2.9	22,300	27,800	3.2	18,925	23,050	2.9	12.0	10.0
Grant (Sheridan)	4,150	4,450	1.0	3,750	3,925	0.7	2,250	2,325	0.5	9.6	11.8
Greene (Paragould)	11,925	14,075	2.4	10,450	12,550	2.7	7,250	8,675	2.6	12.4	10.8
Hempstead (Hope)	9,150	10,925	2.6	8,525	10,125	2.5	5,325	6,300	2.4	6.8	7.3
Hot Spring (Malvern)	9,125	10,125	1.5	7,250	8,275	1.9	4,675	5,250	1.7	20.5	18.3
Howard (Nashville)	6,100	7,600	3.2	5,750	7,150	3.2	4,650	5,850	3.3	5.7	5.9
Independence (Batesville)	10,025	16,750	7.6	8,975	15,200	7.8	6,875	11,975	8.3	10.5	9.3
Izard (Melbourne)	3,750	4,150	1.5	3,475	3,825	1.4	1,550	1,675	1.1	7.3	7.8
Jackson (Newport)	8,450	9,400	1.5	7,425	7,900	0.9	4,850	5,150	0.9	12.1	16.0
Johnson (Clarksville)	6,350	8,300	3.9	5,700	7,500	4.0	3,500	4,625	4.1	10.1	9.6
Lafayette (Stamps)	3,350	3,325	0.7	3,200	3,225	0.1	1,975	1,950	-0.2	9.9	8.5
Lawrence (Walnut Ridge)	6,800	8,200	2.6	5,825	7,000	2.7	3,150	3,850	2.9	15.0	14.6
Lee (Marianna)	4,900	5,125	0.6	4,350	4,250	-0.3	2,400	2,250	-0.9	11.2	17.1
Lincoln (Star City)	3,600	3,975	1.4	3,150	3,500	1.5	1,600	1,850	2.1	12.5	11.9
Little River (part of Texarkana SMSA)	4,450	5,600	3.3	3,875	5,125	4.1	N.A.	N.A.	-	12.9	8.5
Logan (Paris)	6,550	7,475	1.9	6,000	6,650	1.5	3,575	4,000	1.6	8.4	11.0
Lonoke (England)	13,625	16,475	2.8	12,725	15,200	2.6	5,100	6,225	2.9	6.6	7.7
Madison (Huntsville)	4,400	6,000	4.5	3,975	5,475	4.7	1,125	1,625	5.4	9.7	8.8
Marion (Yellville)	3,575	5,850	7.3	3,400	5,500	7.1	1,275	1,975	6.5	4.9	6.0
Miller (part of Texarkana SMSA)	12,275	15,175	3.1	11,150	13,900	3.2	N.A.	N.A.	-	9.2	8.4
Mississippi (Blytheville)	23,725	25,700	1.1	21,400	22,950	1.0	16,250	17,250	0.9	9.8	10.7
Monroe (Brinkley)	4,850	5,300	1.3	4,400	4,450	0.2	2,550	2,575	0.1	9.3	16.0
Montgomery (Mount Ida)	2,275	2,925	3.7	2,050	2,550	3.2	1,125	1,400	3.2	9.9	12.8
Nevada (Prescott)	3,525	4,050	2.0	3,225	3,550	1.4	2,050	2,250	1.3	8.5	12.3
Newton (Jasper)	2,200	2,150	-0.3	1,925	1,850	-0.6	650	675	0.5	12.5	14.0
Phillips (Helena)	13,050	12,975	-0.1	11,650	11,325	-0.4	8,525	8,025	-0.9	10.7	12.7
Pike (Murfreesboro)	3,450	3,950	2.0	3,100	3,450	1.5	1,750	2,000	1.9	10.1	12.7
Poinsett (Trumann)	10,250	10,650	0.5	8,850	9,175	0.5	5,600	5,700	0.3	13.7	13.8
Polk (Mena)	5,125	5,825	1.8	4,525	5,175	1.9	3,500	3,975	1.8	11.7	11.2
Prairie (Des Arc)	3,550	3,475	-0.3	3,250	3,025	-1.0	1,450	1,350	-1.0	8.5	12.9
Randolph (Pocahontas)	6,725	7,025	0.6	5,800	6,075	0.7	3,675	3,775	0.4	13.8	13.5
St. Francis (Forrest City)	11,175	12,975	2.2	9,775	10,950	1.6	7,950	8,825	1.5	12.5	15.6
Scott (Waldron)	2,800	3,225	2.0	2,375	2,850	2.6	1,400	1,650	2.4	15.2	11.6
Searcy (Marshall)	2,775	2,925	0.8	2,400	2,575	1.0	1,225	1,375	1.7	13.5	12.0
Sevier (DeQueen)	5,350	6,075	1.8	4,950	5,450	1.4	3,275	3,525	1.1	7.5	10.3
Sharp (Hardy)	3,275	4,325	4.1	2,750	3,825	4.8	1,250	1,850	5.8	16.0	11.6
Stone (Mountain View)	2,775	3,450	3.2	2,500	3,125	3.2	1,200	1,500	3.2	9.9	9.4
Union (El Dorado)	19,375	23,500	2.8	17,775	21,850	3.0	14,875	17,925	2.7	8.3	7.0
Van Buren (Clinton)	3,200	3,950	3.1	2,700	3,475	3.7	1,550	2,000	3.7	15.6	12.0
White (Searcy)	18,225	22,775	3.2	15,025	19,850	4.1	9,575	12,750	4.2	17.6	12.8
Woodruff (Augusta)	3,600	4,400	2.9	3,200	3,775	2.4	1,875	2,300	3.0	11.1	14.2

N.A. – Not available.

[1] Because of revised procedures developed by the U.S. Bureau of Labor Statistics, the employment data presented here are not comparable to previously published estimates. Furthermore, years prior to 1975 are not available.

[2] Adjusted to place-of-residence.

[3] Place-of-work basis.

[4] Percent of civilian labor force.

[5] Labor area data will not add to state total because area estimates are calculated independently of the state estimate. Also, data for the state include LeFlore and Sequoyah counties in Oklahoma as part of the Fort Smith SMSA.

Sources: Arkansas Department of Labor, Employment Security Division, *Arkansas Labor Force Statistics, Annual Averages, State and Areas, 1975-1982*, August 1983 (Little Rock); Texas Employment Commission; and Tennessee Department of Employment Security.

AVERAGE COVERED[1] TOTAL EMPLOYMENT, 1960, 1970, 1980, 1981 AND 1982

	Number					Average Annual Growth			
Area	1960	1970	1980[2]	1981[2]	1982[2]	1960-70	1970-80	1980-81	1981-82
						(percent)			
Arkansas[3]	271,876	398,818	709,384	707,818	688,726	3.9	5.9	-0.2	-2.7
Arkansas	3,894	4,817	8,026	7,962	7,546	2.1	5.2	-0.8	-5.2
Ashley	4,526	6,321	7,951	8,978	7,953	3.4	2.3	12.9	-11.4
Baxter	940	3,062	7,793	7,514	7,190	12.5	9.8	3.6	-4.3
Benton	6,042	13,173	26,171	27,802	27,174	8.1	7.1	6.2	-2.3
Boone	2,908	4,396	8,714	8,733	9,090	4.2	7.1	0.2	4.1
Bradley	2,859	2,773	3,980	3,870	3,625	-0.3	3.7	-2.8	-6.3
Calhoun	285	1,898	1,913	2,078	2,409	20.9	0.1	8.6	15.9
Carroll	1,647	2,215	4,073	4,121	4,407	3.0	6.3	1.2	6.9
Chicot	1,495	2,103	3,918	3,878	3,748	3.5	6.4	-1.0	-3.4
Clark	2,834	4,105	6,963	6,655	6,530	3.8	5.4	-4.4	-1.9
Clay	1,910	2,514	4,353	4,275	4,138	2.8	5.6	-1.8	-3.2
Cleburne	1,000	1,349	3,192	3,248	3,156	3.0	9.0	1.8	-2.8
Cleveland	402	520	754	713	632	2.6	3.8	-5.4	-11.4
Columbia	4,198	4,995	7,933	8,100	8,008	1.8	4.7	2.1	-1.1
Conway	1,969	3,252	5,865	5,809	5,606	5.1	6.1	-1.0	-3.5
Craighead	6,960	11,656	21,949	21,697	21,438	5.3	6.5	-1.1	-1.2
Crawford	1,568	2,789	6,638	6,984	6,902	5.9	9.1	5.2	-1.2
Crittenden	3,820	7,477	12,184	12,034	11,526	6.9	5.0	-1.2	-4.2
Cross	1,356	2,753	4,993	4,888	4,580	7.3	6.1	-2.1	-6.3
Dallas	1,809	2,273	3,076	3,124	2,993	2.3	3.1	1.6	-4.2
Desha	1,661	2,910	5,119	5,075	4,894	5.8	5.8	-0.9	-3.6
Drew	1,649	2,927	5,463	5,403	5,093	5.9	6.4	-1.1	-5.7
Faulkner	2,944	5,252	13,632	13,647	13,510	6.0	10.0	0.1	-1.0
Franklin	942	1,451	3,194	3,170	3,126	4.4	8.2	-0.8	-1.4
Fulton	474	924	1,514	1,421	1,371	6.9	5.1	-6.1	-3.5
Garland	9,445	12,895	22,240	22,168	22,239	3.2	5.6	-0.3	0.3
Grant	1,079	1,573	2,306	2,296	2,193	3.8	3.9	-0.4	-4.5
Greene	3,367	4,856	8,488	8,556	8,343	3.7	5.7	0.8	-2.5
Hempstead	2,595	3,373	6,861	6,834	6,736	2.7	7.4	-0.4	-1.4
Hot Spring	3,974	4,149	6,513	5,838	5,151	0.4	4.6	-10.4	-11.8
Howard	1,955	2,909	5,844	5,668	5,834	4.1	7.2	-3.0	2.9
Independence	2,523	4,998	11,241	11,434	11 450	7.1	8.4	1.7	0.1
Izard	486	824	1,785	1,698	1,623	5.4	8.0	-4.9	-4.4
Jackson	2,837	3,655	5,523	5,304	5,205	2.6	4.2	-4.0	-1.9
Jefferson	12,997	15,602	28,417	27,046	25,251	1.8	6.2	-4.8	-6.6
Johnson	1,255	1,958	4,270	4,475	4,388	4.5	8.1	4.8	-1.9
Lafayette	1,075	1,456	2,110	2,138	1,989	3.1	3.8	1.3	-7.0
Lawrence	1,322	1,788	3,799	3,684	3,606	3.1	7.8	-3.0	-2.1
Lee	1,003	1,669	2,503	2,418	2,263	5.2	4.1	-3.4	-6.4
Lincoln	1,197	1,101	1,994	1,971	1,899	-0.8	6.1	-1.2	-3.7
Little River	692	1,753	3,711	3,628	3,616	9.7	7.8	-2.2	-0.3
Logan	1,209	2,274	3,819	3,788	3,745	6.5	5.3	-0.8	-1.1
Lonoke	1,261	2,706	6,206	6,254	6,084	7.9	8.7	0.8	-2.7
Madison	425	518	1,576	1,634	1,586	2.0	11.8	3.7	-2.9
Marion	230	399	1,674	1,990	1,863	5.7	15.4	18.9	-6.4
Miller	4,044	5,983	10,484	10,208	10,289	4.0	5.8	-2.6	0.8
Mississippi	7,671	10,401	18,192	17,570	17,118	3.1	5.8	-3.4	-2.6
Monroe	1,514	1,807	2,838	2,850	2,519	1.8	4.6	0.4	-11.6
Montgomery	539	724	1,198	1,236	1,218	3.0	5.2	3.2	-1.5
Nevada	992	1,311	2,509	2,389	2,157	2.8	6.7	-4.8	-9.7
Newton	125	267	676	597	609	7.9	9.7	-11.7	2.0
Ouachita	5,996	6,325	8,490	8,353	8,171	0.5	3.0	-1.6	-2.2
Perry	151	280	584	554	572	6.4	7.6	-5.1	3.2
Phillips	5,789	5,598	8,764	8,688	8,089	-0.3	4.6	-0.9	-6.9
Pike	858	1,279	2,231	2,207	1,923	4.1	5.7	-1.1	-12.9
Poinsett	3,848	4,627	6,802	5,995	5,737	1.9	3.9	-11.9	-4.3
Polk	1,778	2,868	4,100	4,090	3,851	4.9	3.6	-0.2	-5.8
Pope	3,509	6,586	12,069	12,452	12,044	6.5	6.2	3.2	-3.3
Prairie	647	1,193	1,365	1,373	1,341	6.3	1.4	0.6	-2.3
Pulaski	59,071	84,030	156,485	155,150	153,726	3.6	6.4	-0.9	-0.9
Randolph	1,249	1,907	4,007	3,873	3,624	4.3	7.7	-3.3	-6.4
St. Francis	3,065	6,396	9,751	9,466	8,805	7.6	4.3	-2.9	-7.0
Saline	4,597	6,520	11,104	11,049	10,422	3.6	5.5	-0.5	-5.7
Scott	834	1,206	1,670	1,676	1,570	3.8	3.3	0.4	-6.3
Searcy	435	876	1,269	1,291	1,381	7.3	3.8	1.7	7.0
Sebastian	18,623	29,852	47,818	48,467	45,553	4.8	4.8	1.4	-6.0
Sevier	1,278	2,082	3,665	3,571	3,359	5.0	5.8	-2.6	-5.9
Sharp	280	856	1,798	1,753	1,762	11.8	7.7	-2.5	0.5
Stone	225	628	1,346	1,351	1,375	10.8	7.9	0.4	1.8
Union	11,060	11,290	17,563	18,220	17,654	0.2	4.5	3.7	-3.1
Van Buren	459	934	1,914	2,039	1,907	7.4	7.4	6.5	-6.5
Washington	10,395	19,257	36,007	36,751	36,046	6.4	6.5	2.1	-1.9
White	4,142	6,267	12,003	12,457	12,089	4.2	6.7	3.8	-3.0
Woodruff	731	1,575	2,594	2,614	2,424	8.0	5.1	0.8	-7.3
Yell	1,008	2,297	3,874	4,216	4,449	8.6	5.4	8.8	5.5

[1] "Covered" employment is employment subject to Arkansas Employment Security Law when an employer has one or more employees in each of 10 days during the current or preceding calendar year. Employment excluded from coverage includes agriculture, self-employed, unpaid family workers, interstate railroads, domestics, insurance and real estate agents who are on commission only and employees of churches and religious organizations, except schools.

[2] Starting in July 1973, state employment was brought into Arkansas' "covered" employment program, and in 1978 coverage was extended to city and county government employment (including public school employment). Thus, the 1980, 1981 and 1982 data are not comparable to the 1960 and 1970 statistics.

[3] State total includes data from employers who do not provide a county breakdown of employment and payrolls, data of sales and other types of personnel with no permanent place of work, and employment data of employers with no established place of business in Arkansas. Hence, county totals will not equal state totals.

Sources: Arkansas Department of Labor, Employment Security Division, *Arkansas Average Covered Employment and Wages by Industry and County*, Annual Issues, *1960* and *1970; Arkansas Average Covered Employment and Earnings by Industry and County*, Annual Issue, *1980;* and *Covered Employment and Earnings, Arkansas, 1981 and 1982* (Little Rock).

AVERAGE COVERED[1] MANUFACTURING EMPLOYMENT, 1960, 1970, 1980, 1981 AND 1982

Area	Number					Average Annual Growth			
	1960	1970	1980	1981	1982	1960-70	1970-80	1980-81	1981-82
						(percent)			
Arkansas[2]	102,386	167,839	209,[illegible]74	210,233	195,858	5.1	2.2	0.4	6.8
Arkansas	1,328	1,682	2,874	2,822	2,577	2.4	5.5	1.8	8.7
Ashley	3,157	4,161	4,073	4,206	4,140	2.8	0.2	3.3	1.6
Baxter	119	1,563	3,466	3,213	3,014	29.4	8.3	7.3	6.2
Benton	2,879	7,486	10,466	11,653	10,731	10.0	3.4	11.3	7.9
Boone	1,186	1,827	2,423	2,527	2,414	4.4	2.9	4.3	4.5
Bradley	1,837	1,761	1,856	1,864	1,575	0.4	0.5	0.4	15.5
Calhoun	157	1,636	1,013	1,210	1,508	26.4	4.7	19.4	24.6
Carroll	824	1,086	1,376	1,395	1,544	2.8	2.4	1.4	10.7
Chicot	210	709	(D)	(D)	(D)	12.9			
Clark	1,639	2,241	2,477	2,220	2,115	3.2	1.0	10.4	4.7
Clay	712	1,154	1,612	1,590	1,483	4.9	3.4	1.4	6.7
Cleburne	170	450	920	1,049	927	10.2	7.4	14.0	11.6
Cleveland	251	349	215	202	147	3.4	4.7	6.0	27.2
Columbia	1,502	2,401	2,504	2,534	2,503	4.8	0.4	1.2	1.2
Conway	997	2,051	2,954	2,867	2,778	7.5	3.7	2.9	3.1
Craighead	2,658	4,333	6,534	6,461	5,941	5.0	4.2	1.1	8.0
Crawford	656	1,099	2,037	2,320	2,433	5.3	6.4	13.9	4.9
Crittenden	721	2,382	1,860	1,845	1,604	12.7	2.4	0.8	-13.1
Cross	326	1,455	1,846	1,856	1,599	16.1	2.4	0.5	-13.8
Dallas	1,181	1,396	1,465	1,591	1,460	1.7	0.5	8.6	-8.2
Desha	367	1,118	1,482	1,552	1,453	11.8	2.9	4.7	-6.4
Drew	927	1,875	2,354	2,355	2,217	7.3	2.3	*	-5.9
Faulkner	1,291	2,509	4,681	4,770	4,636	6.9	6.4	1.9	-2.8
Franklin	385	470	1,098	1,098	1,138	2.0	8.9	-	3.6
Fulton	165	439	(D)	(D)	(D)	10.3	-	-	-
Garland	1,761	3,647	4,180	4,005	3,836	7.6	1.4	-4.2	-4.2
Grant	899	1,130	1,015	984	858	2.3	-1.1	-3.1	-12.8
Greene	1,637	2,865	3,917	4,149	3,989	5.8	3.2	5.9	-3.9
Hempstead	1,240	1,363	2,478	2,480	2,320	1.0	6.2	0.1	-6.5
Hot Spring	2,321	2,099	2,490	2,248	1,718	-1.0	1.7	-9.7	-23.6
Howard	1,335	1,752	3,534	3,358	3,526	2.8	7.3	-5.0	5.0
Independence	998	2,558	4,288	4,109	3,866	9.9	5.3	-4.2	-5.9
Izard	205	216	511	493	438	0.5	9.0	-3.5	-11.2
Jackson	933	1,236	1,618	1,506	1,399	2.9	2.7	-6.9	-7.1
Jefferson	5,222	5,623	6,193	6,340	5,683	0.7	1.0	2.4	-10.4
Johnson	635	1,192	2,131	2,291	2,188	6.5	6.0	7.5	-4.5
Lafayette	394	700	543	669	577	5.9	-2.5	23.2	-13.8
Lawrence	416	714	1,341	1,313	1,314	5.6	6.5	-2.1	0.1
Lee	258	778	(D)	(D)	(D)	11.7	-	-	-
Lincoln	838	(D)	(D)	(D)	(D)	-	-	-	-
Little River	341	1,187	1,833	1,900	1,852	13.3	4.4	3.7	-2.5
Logan	449	1,228	1,404	1,370	1,309	10.6	1.3	-2.4	-4.5
Lonoke	188	1,012	2,214	2,168	2,035	18.3	8.1	-2.1	-6.1
Madison	170	145	567	602	559	-1.6	14.6	6.2	-7.1
Marion	43	119	596	903	817	10.7	17.5	51.5	-9.5
Miller	343	1,523	2,716	2,543	2,601	16.1	6.0	-6.4	2.3
Mississippi	2,297	4,718	7,287	6,927	6,822	7.5	4.4	-4.9	-1.5
Monroe	681	828	773	829	544	2.0	0.7	7.2	-34.4
Montgomery	314	499	480	375	348	4.7	-0.4	-21.9	-7.2
Nevada	502	548	915	850	690	0.9	5.3	-7.1	-18.8
Newton	93	46	52	54	45	-6.8	1.2	3.8	-16.7
Ouachita	3,734	3,816	3,242	3,096	3,005	0.2	-1.6	-4.5	-2.9
Perry	62	150	(D)	(D)	(D)	9.2	-	-	-
Phillips	2,412	2,559	2,008	2,036	1,735	0.6	-2.4	1.4	-14.8
Pike	598	679	846	910	656	1.3	2.2	7.6	-27.9
Poinsett	1,968	2,732	3,311	2,642	2,481	3.3	1.9	-20.2	-6.1
Polk	1,128	1,650	1,766	1,694	1,514	3.9	0.7	-4.1	-10.6
Pope	1,551	2,707	3,397	3,400	3,348	5.7	2.3	0.1	-1.5
Prairie	98	578	151	188	198	19.4	-12.6	24.5	5.3
Pulaski	15,340	23,627	26,708	25,557	23,426	4.4	1.2	-4.3	-8.3
Randolph	614	1,141	2,029	1,952	1,786	6.4	5.9	-3.8	-8.5
St. Francis	973	3,635	4,033	3,981	3,437	14.1	1.0	-1.3	-13.7
Saline	2,769	4,079	3,995	3,964	3,475	3.9	-0.2	-0.8	-12.3
Scott	558	835	713	706	572	4.1	-1.6	-1.0	-19.0
Searcy	224	534	503	545	593	9.1	-0.6	8.3	8.8
Sebastian	8,324	14,849	17,980	18,518	16,242	6.0	1.9	3.0	-12.3
Sevier	690	1,241	1,406	1,338	1,186	6.0	1.3	-4.8	-11.4
Sharp	20	38	102	89	81	6.6	10.4	-12.7	-9.0
Stone	99	319	305	309	313	12.4	-0.4	1.3	1.3
Union	4,332	4,084	5,513	5,903	5,391	-0.6	3.0	7.1	-8.7
Van Buren	196	367	444	441	374	6.5	1.9	-0.7	-15.2
Washington	4,163	7,592	8,426	8,913	8,560	6.2	1.0	5.8	-4.0
White	1,635	2,598	3,286	3,585	3,295	4.7	2.4	9.1	-8.1
Woodruff	164	821	620	630	(D)	17.5	-2.8	1.6	-
Yell	480	1,269	1,694	1,974	2,258	10.2	2.9	16.5	14.4

(D) – Disclosure.

* – Less than 0.05 percent.

[1] "Covered" employment is employment subject to Arkansas Employment Security Law when an employer has one or more employees in each of 10 days during the current or preceding calendar year. Employment excluded from coverage includes agriculture, self-employed, unpaid family workers, interstate railroad, domestics, insurance and real estate agents who are on commission only and employees of churches and religious organizations, except schools.

[2] State total includes data from employers who do not provide a county breakdown of employment and payrolls, data of sales and other types of personnel with no permanent place of work, and employment data of employers with no established place of business in Arkansas. Hence, county totals will not equal state totals.

Sources: Arkansas Department of Labor, Employment Security Division, *Arkansas Average Covered Employment and Wages by Industry and County*, Annual Issues, *1960* and *1970*, *Arkansas Average Covered Employment and Earnings by Industry and County*, Annual Issue, *1980*, and *Covered Employment and Earnings, Arkansas, 1981 and 1982* (Little Rock).

TOTAL COVERED[1] PAYROLLS, 1960, 1970, 1980 AND 1982

Area	Total Wages Paid				Average Annual Growth			Average Weekly Earnings Per Worker			
	1960	1970	1980[2]	1982[2]	1960-70	1970-80	1980-1982	1960	1970	1980[2]	1982[2]
	(thousands)				(percent)						
Arkansas[3]	$900,073	$2,160,821	$8,184,105	$9,250,966	9.2	14.2	6.3	$63.67	$104.19	$221.86	$258.31
Arkansas	12,851	25,693	90,717	98,195	7.2	13.4	4.0	63.47	102.57	217.36	250.25
Ashley	17,390	41,443	112,201	128,283	9.1	10.5	6.9	73.89	126.09	271.38	310.19
Baxter	2,033	12,925	74,460	81,270	20.3	19.1	4.5	41.60	81.17	183.75	217.37
Benton	16,978	65,808	287,096	346,105	14.5	15.9	9.8	54.04	96.07	210.96	244.94
Boone	8,143	21,632	89,258	107,068	10.3	15.2	9.5	53.85	94.63	196.98	226.51
Bradley	8,319	13,502	41,937	43,388	5.0	12.0	1.7	55.96	93.64	202.63	230.17
Calhoun	552	9,154	19,937	32,384	32.4	8.1	27.4	37.28	92.75	200.42	258.52
Carroll	3,861	8,881	33,239	42,184	8.7	14.1	12.7	45.08	77.10	156.94	184.08
Chicot	3,898	8,513	36,509	40,958	8.1	15.7	5.9	50.14	77.84	179.20	210.15
Clark	8,850	21,444	78,911	83,770	9.3	13.9	3.0	60.06	100.46	217.94	246.70
Clay	4,770	10,997	38,285	42,008	8.7	13.3	4.7	48.02	84.12	169.14	195.23
Cleburne	3,735	4,863	27,582	32,857	2.7	19.0	9.1	71.83	69.33	166.17	200.21
Cleveland	944	2,187	6,485	6,287	8.8	11.5	-1.5	45.17	80.89	165.39	191.31
Columbia	14,898	26,112	93,198	111,268	5.8	13.6	9.3	68.24	100.53	225.93	267.20
Conway	5,279	16,974	67,178	71,381	12.4	14.7	3.1	51.56	100.38	220.27	244.87
Craighead	22,713	57,628	244,177	272,829	9.8	15.5	5.7	62.76	95.08	213.94	244.74
Crawford	3,981	13,356	69,633	84,203	12.9	18.0	10.0	48.82	92.09	201.73	234.61
Crittenden	11,723	37,438	129,454	140,015	12.3	13.2	4.0	59.02	96.29	204.33	233.61
Cross	3,381	13,864	52,934	54,241	15.2	14.3	1.2	47.94	96.85	203.88	227.75
Dallas	4,617	10,869	31,517	35,323	8.9	11.2	5.9	49.08	91.98	197.04	226.96
Desha	4,447	13,667	53,868	59,515	11.9	14.7	5.1	51.49	90.32	202.37	233.86
Drew	4,108	13,881	54,225	59,198	12.9	14.6	4.5	47.91	91.20	190.88	223.53
Faulkner	8,751	25,146	144,833	168,028	11.1	19.1	7.7	57.16	92.08	204.32	239.18
Franklin	2,249	7,722	30,529	34,928	13.1	14.7	7.0	45.91	102.34	183.81	214.87
Fulton	1,198	3,584	12,543	12,871	11.6	13.3	1.3	48.62	74.59	159.32	180.54
Garland	26,392	63,344	238,597	273,806	9.1	14.2	7.1	53.74	94.47	206.31	236.77
Grant	3,027	7,818	23,232	25,544	10.0	11.5	4.9	53.95	95.58	193.74	224.00
Greene	9,476	23,786	85,735	101,712	9.6	13.7	8.9	54.12	94.20	194.24	234.45
Hempstead	6,884	16,103	70,252	78,675	8.9	15.9	5.8	51.02	91.81	196.91	224.61
Hot Spring	16,011	25,771	88,264	72,869	4.9	13.1	-9.1	77.48	119.45	260.61	272.05
Howard	6,164	15,682	64,985	73,098	9.8	15.3	6.1	60.64	103.67	213.84	240.95
Independence	6,447	24,082	124,117	159,323	14.1	17.8	13.3	49.14	92.66	212.33	267.50
Izard	1,187	3,454	16,004	17,278	11.3	16.6	3.9	46.96	80.61	172.42	204.73
Jackson	8,617	18,697	59,919	64,415	8.1	12.4	3.7	58.41	98.38	208.63	237.99
Jefferson	47,194	92,788	377,459	362,655	7.0	15.1	-2.0	69.83	114.37	255.44	276.19
Johnson	3,214	8,857	40,163	49,275	10.7	16.3	10.8	49.24	86.99	180.88	215.95
Lafayette	3,258	7,406	22,147	23,929	8.6	11.6	3.9	58.28	97.82	201.85	231.36
Lawrence	3,199	7,403	34,075	38,944	8.8	16.5	6.9	46.54	79.62	172.49	207.69
Lee	2,398	7,751	22,672	23,234	12.4	11.3	1.2	45.98	89.31	174.19	197.44
Lincoln	2,956	5,047	21,209	23,195	5.5	15.4	4.6	47.48	88.15	204.55	234.89
Little River	2,080	12,099	61,092	68,053	19.3	17.6	5.5	57.81	132.73	316.59	261.92
Logan	2,739	9,375	35,900	41,541	13.1	14.4	7.6	43.57	79.28	180.78	213.32
Lonoke	3,434	12,894	68,407	74,449	14.1	18.2	4.3	52.37	91.64	211.98	235.32
Madison	770	1,805	13,751	15,864	8.9	22.5	7.4	34.86	67.02	167.79	192.36
Marion	508	1,560	14,867	18,047	11.9	25.3	10.2	42.48	75.17	170.79	186.29
Miller	11,552	31,378	119,440	146,650	10.5	14.3	10.8	54.94	100.86	219.09	274.10
Mississippi	22,656	50,863	179,149	195,822	8.4	13.4	4.5	56.80	94.04	189.38	219.99
Monroe	3,672	7,715	26,094	25,567	7.7	13.0	1.0	46.65	82.11	176.82	195.19
Montgomery	1,111	2,804	10,845	12,889	9.7	14.5	9.0	39.63	74.48	174.09	203.50
Nevada	2,754	5,292	24,718	23,840	6.7	16.7	-1.8	53.39	77.63	189.46	212.55
Newton	181	939	5,158	5,493	17.9	18.6	3.2	27.78	67.62	146.74	173.46
Ouachita	23,016	38,721	106,127	116,270	5.3	10.6	4.7	73.82	117.73	240.39	273.65
Perry	264	1,067	5,456	6,145	15.0	17.7	6.1	33.63	73.29	179.65	206.64
Phillips	19,266	29,673	90,890	91,912	4.4	11.8	0.6	64.00	101.93	199.44	218.51
Pike	1,967	5,351	20,694	20,698	10.5	14.5	*	44.10	80.45	178.38	206.99
Poinsett	11,087	21,053	64,015	64,450	6.6	11.8	0.3	55.41	87.50	180.98	216.04
Polk	3,783	13,008	39,201	40,387	13.1	11.7	1.5	40.91	87.21	183.87	201.68
Pope	9,873	33,840	141,406	164,933	13.1	15.4	8.0	54.11	98.81	225.32	263.35
Prairie	1,803	5,185	13,684	14,783	11.1	10.2	3.9	53.60	83.57	192.79	211.99
Pulaski	222,450	516,532	2,032,900	2,372,888	8.8	14.7	8.0	72.42	118.21	249.83	296.84
Randolph	3,199	8,721	37,762	40,004	10.5	15.8	2.9	49.26	87.94	181.23	212.28
St. Francis	9,200	32,166	107,289	114,172	13.3	12.8	3.2	57.73	96.71	211.59	249.36
Saline	21,158	43,876	161,722	173,139	7.6	13.9	3.5	88.51	129.41	280.08	319.48
Scott	1,869	5,835	13,448	15,436	12.1	8.7	7.1	43.11	89.86	154.86	189.08
Searcy	775	3,259	9,968	12,019	15.4	11.8	9.8	34.25	71.54	151.05	167.37
Sebastian	67,130	168,664	596,236	669,310	9.7	13.5	6.0	69.32	108.65	239.79	282.56
Sevier	3,513	9,682	34,330	36,141	10.7	13.5	2.6	52.85	89.43	179.98	206.91
Sharp	556	3,576	14,673	16,971	20.5	15.2	7.5	38.17	80.34	156.93	185.22
Stone	418	2,165	10,823	12,591	17.9	17.5	7.9	35.77	66.29	154.64	176.10
Union	45,732	68,543	222,386	263,145	4.1	12.5	8.8	79.52	116.75	243.50	286.65
Van Buren	916	3,864	17,757	20,475	15.5	16.5	7.4	38.37	79.56	178.42	206.47
Washington	32,249	101,271	393,656	455,489	12.1	14.5	7.6	59.66	101.13	210.25	243.01
White	11,738	29,644	122,774	148,420	9.7	15.3	9.9	54.50	90.97	196.70	236.10
Woodruff	1,867	7,618	25,682	27,532	15.1	12.9	3.5	49.12	93.01	190.40	218.43
Yell	2,688	10,223	33,424	42,938	14.3	12.6	13.3	51.29	85.59	165.92	185.60

* – Less than 0.05 percent

[1] "Covered" employment is employment subject to the Arkansas Employment Security Law when an employer has one or more employees in each of the 10 days during the current or preceding calendar year. Employment excluded from coverage includes agriculture, self employed, unpaid family workers, interstate railroads, domestics, insurance and real estate agents who are on commission only and employees of churches and religious organizations, except schools.

[2] Starting in July 1973, state employment was brought into Arkansas' "covered" employment program, and in 1978 coverage was extended to city and county government employment (including public school employment). Thus, the 1980 and 1982 data are not comparable to the 1960 and 1970 statistics.

[3] State total includes data from employers who do not provide a county breakdown of employment and payrolls, data of sales and other types of personnel with no permanent place of work, and employment data of employers with no established place of business in Arkansas. Hence, county totals will not equal state totals.

Sources: Arkansas Department of Labor, Employment Security Division, *Arkansas Average Covered Employment and Wages by Industry and County*, Annual Issues, *1960* and *1970*; *Arkansas Average Covered Employment and Earnings by Industry and County*, Annual Issue, *1980*, and *Covered Employment and Earnings, Arkansas, 1982* (Little Rock).

COVERED[1] MANUFACTURING PAYROLLS, 1960, 1970, 1980 AND 1982

Area	Total Wages Paid 1960	1970	1980	1982	Average Annual Growth 1960-70	1970-80	1980-82	Average Weekly Earnings Per Worker 1960	1970	1980	1982
	(thousands)				(percent)						
Arkansas[2]	$360,748	$952,542	$2,692,471	$2,930,963	10.2	10.9	4.3	$67.76	$109.14	$247.30	$287.78
Arkansas	4,464	9,435	35,949	37,981	7.8	14.3	2.8	64.64	107.87	240.55	283.43
Ashley	13,509	30,109	73,004	83,339	8.3	9.3	6.8	82.29	139.16	344.69	387.12
Baxter	235	6,874	34,684	36,522	40.2	17.6	2.6	37.95	84.57	192.44	233.03
Benton	9,114	40,012	126,829	149,973	15.9	12.2	8.7	60.88	102.79	233.04	268.76
Boone	3,259	8,804	26,764	32,280	10.4	11.8	9.8	52.85	92.67	212.42	257.16
Bradley	5,654	9,085	22,667	22,598	4.9	9.6	-0.2	59.19	99.21	234.87	275.92
Calhoun	287	7,982	11,118	22,385	39.5	3.4	41.9	35.14	93.83	211.06	285.47
Carroll	2,095	4,495	11,310	15,376	7.9	9.7	16.6	48.90	79.59	158.07	191.51
Chicot	475	2,763	(D)	(D)	19.3	-	-	43.48	74.94	(D)	(D)
Clark	6,040	13,499	37,276	37,322	8.4	10.7	0.1	70.87	115.84	[illegible]	339.36
Clay	1,840	5,333	14,468	15,175	11.2	10.5	2.4	49.70	88.86	172.60	196.79
Cleburne	324	1,602	8,075	10,417	17.3	17.6	13.6	36.70	68.45	168.78	216.11
Cleveland	550	1,452	1,802	1,383	10.2	2.2	-12.4	42.17	80.01	161.16	180.89
Columbia	5,241	13,588	33,566	40,733	10.0	9.5	10.2	67.10	108.83	257.78	312.95
Conway	2,774	11,559	38,613	38,989	15.3	12.8	0.5	53.51	108.38	251.38	269.90
Craighead	10,070	23,380	83,620	88,486	8.8	13.6	2.9	72.86	103.76	246.11	286.42
Crawford	1,821	5,430	24,267	32,225	11.5	16.2	15.2	53.37	95.02	229.29	254.71
Crittenden	2,394	12,872	24,080	23,360	18.3	6.5	-1.5	63.86	103.92	248.96	280.06
Cross	783	7,914	21,833	19,993	26.0	10.7	-4.3	46.18	104.60	227.45	240.45
Dallas	3,088	7,275	17,113	20,105	8.9	8.9	8.4	50.28	100.21	224.64	264.82
Desha	920	4,683	19,157	21,665	17.7	15.1	6.3	48.21	80.55	248.58	286.74
Drew	2,412	9,989	25,779	29,041	15.3	9.9	6.1	50.05	102.45	210.59	251.91
Faulkner	4,341	13,247	55,591	65,786	11.8	15.4	8.8	64.66	101.53	228.38	272.89
Franklin	790	2,160	10,305	12,727	10.6	16.9	11.1	39.44	88.38	180.48	215.07
Fulton	488	1,417	(D)	(D)	11.2	-	-	56.84	62.08	(D)	(D)
Garland	6,297	20,805	58,008	63,443	12.7	10.8	4.6	68.77	109.70	266.87	318.05
Grant	2,600	5,770	11,853	11,708	8.3	7.5	-0.6	55.62	98.20	224.57	262.41
Greene	4,997	15,504	45,260	57,756	12.0	11.3	13.0	58.70	104.07	222.21	278.44
Hempstead	3,390	7,334	28,815	29,730	8.0	14.7	1.6	52.58	103.48	223.82	248.43
Hot Sprir	10,552	15,816	47,174	33,659	4.1	11.5	-15.5	87.43	144.91	364.34	376.77
Howard	4,465	10,404	43,563	49,282	8.8	15.4	6.4	64.31	114.20	237.06	268.78
Independence	2,463	13,535	49,620	53,396	18.6	13.9	3.7	47.46	101.76	222.54	265.61
Izard	421	1,040	5,056	5,438	9.5	17.1	3.7	39.47	92.56	190.27	238.75
Jackson	3,514	7,260	21,512	21,269	7.5	11.5	-0.6	72.44	112.95	255.68	292.37
Jefferson	23,148	41,269	104,064	107,995	6.0	9.7	1.9	85.25	141.14	323.14	365.45
Johnson	1,721	5,998	20,776	24,983	13.3	13.2	9.7	52.12	96.77	187.48	219.58
Lafayette	970	3,488	5,596	6,300	13.7	4.8	6.1	47.32	95.81	198.18	209.97
Lawrence	1,106	3,360	12,399	15,069	11.8	13.9	10.2	51.12	90.50	177.81	220.54
Lee	627	4,134	(D)	(D)	20.8	-	-	46.76	102.18	(D)	(D)
Lincoln	1,808	(D)	(D)	(D)	-	-		41.48	(D)	(D)	(D)
Little River	1,263	9,412	42,447	48,996	22.2	16.3	7.4	71.24	152.48	445.33	508.76
Logan	1,115	5,209	14,452	15,312	16.7	10.7	2.9	47.47	81.57	197.95	224.96
Lonoke	533	5,138	28,120	30,069	25.4	18.5	3.4	54.49	97.63	244.25	284.15
Madison	223	488	4,954	5,861	8.1	26.1	8.8	25.19	64.66	168.04	201.61
Marion	114	457	5,514	7,824	14.9	28.3	19.1	51.19	73.88	177.92	184.16
Miller	1,141	11,425	44,040	57,036	25.9	14.4	13.8	64.00	144.26	311.83	421.70
Mississippi	7,276	24,636	78,902	86,361	13.0	12.3	4.6	60.91	100.42	208.23	243.45
Monroe	1,641	3,863	7,360	5,123	8.9	6.7	-16.6	46.33	89.72	183.11	181.11
Montgomery	652	1,985	4,420	3,404	11.6	8.3	-12.2	39.92	76.49	177.07	138.09
Nevada	1,510	2,441	11,288	10,145	4.9	16.5	-5.2	57.83	85.68	237.25	282.74
Newton	133	115	235	247	-1.4	7.4	2.5	27.45	47.88	87.00	105.87
Ouachita	16,381	26,821	52,721	58,128	5.1	7.0	5.0	84.36	135.17	312.73	372.00
Perry	104	591	(D)	(D)	19.0	-	-	31.81	75.77	(D)	(D)
Phillips	8,125	15,498	2[illegible],881	20,391	6.7	3.5	-3.5	64.78	116.47	209.55	226.02
Pike	1,331	2,789	8,951	8,219	7.7	12.4	-4.2	42.81	78.99	203.47	240.94
Poinsett	6,197	12,936	30,153	29,056	7.6	8.8	-1.8	60.56	91.06	175.13	225.22
Polk	2,421	7,888	19,030	17,913	12.5	9.2	3.0	41.28	91.94	207.23	227.52
Pope	4,112	13,837	46,344	49,910	12.9	12.6	4.9	50.98	98.30	256.70	286.68
Prairie	196	2,351	1,342	1,924	28.2	-5.5	19.7	38.49	78.22	170.89	186.91
Pulaski	58,692	146,235	373,106	387,062	9.6	9.8	1.9	73.58	124.29	268.65	317.75
Randolph	1,514	5,162	19,684	20,623	13.0	14.3	2.4	47.40	87.01	186.57	222.06
St. Francis	3,285	19,000	51,917	53,339	19.2	10.6	1.4	64.92	100.52	247.56	298.44
Saline	14,148	31,156	88,134	91,038	8.2	11.0	1.8	98.26	146.89	424.25	503.81
Scott	1,321	4,106	5,721	5,845	12.0	3.4	1.1	45.54	94.55	154.31	196.51
Searcy	390	1,952	3,913	4,852	17.5	7.2	11.4	33.50	70.29	149.60	157.35
Sebastian	32,135	84,542	240,145	255,460	10.2	11.0	3.1	74.24	109.49	256.85	302.47
Sevier	2,064	5,760	14,261	14,211	10.8	9.5	-0.2	57.52	89.26	195.06	230.44
Sharp	22	125	996	763	19.0	23.1	-12.5	21.15	63.01	187.80	181.11
Stone	161	1,024	2,293	2,633	20.3	8.4	7.2	31.22	61.74	144.61	161.76
Union	21,649	28,354	77,928	91,465	2.7	10.6	8.3	96.10	133.51	271.83	326.27
Van Buren	331	1,369	4,682	4,554	15.3	13.1	-1.4	32.47	71.75	202.80	234.18
Washington	12,712	39,547	96,861	111,873	12.0	9.4	7.5	58.72	100.17	221.07	251.33
White	4,602	12,720	39,148	43,775	10.7	11.9	5.7	54.13	94.15	229.11	255.48
Woodruff	456	3,512	6,704	(D)	22.6	6.7	-	53.52	82.26	207.93	(D)
Yell	1,273	6,118	14,746	21,287	17.0	9.2	20.1	51.00	92.72	167.40	181.29

D – Disclosure.

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[1] "Covered" employment is employment subject to the Arkansas Employment Security Law when an employer has one or more employees in each of 10 days during the current or preceding calendar year. Employment excluded from coverage includes agriculture, self-employed, unpaid family workers, interstate railroads, domestics, insurance and real estate agents who are on commission only and employees of churches and religious organizations, except schools.

[2] State total includes data from employers who do not provide a county breakdown of employment and payrolls, data of sales and other types of personnel with no permanent place of work, and employment data of employers with no established place of business in Arkansas. Hence, county totals will not equal state totals.

Sources: Arkansas Department of Labor, Employment Security Division, *Arkansas Average Covered Employment and Wages by Industry and County*, Annual Issues, *1960* and *1970*; *Arkansas Average Covered Employment and Earnings by Industry and County*, Annual Issue, *1980*; and *Covered Employment and Earnings, Arkansas, 1982* (Little Rock).

TOTAL PERSONAL INCOME ESTIMATES, 1959, 1969, 1979 AND 1981

Area	Total Personal Income 1959	1969	1979	1981	Average Annual Growth 1959-69	1969-79	1979-81
	(thousands)				(percent)		
Arkansas	$2,394,229	$4,830,062	$15,305,051	$18,460,165	7.4	12.1	9.8
SMSA's:							
Fayetteville-Springdale	123,291	329,587	1,192,462	1,497,381	10.3	13.7	12.1
Fort Smith: AR-OK	215,053	402,457	1,306,325	1,626,909	6.5	12.5	11.5
Little Rock-North Little Rock	526,746	1,090,070	3,264,591	3,939,164	7.5	11.6	9.8
Memphis: TN-AR-MS	1,287,328	2,633,589	7,205,964	8,772,054	7.4	10.6	10.3
Pine Bluff	117,725	221,689	619,653	731,086	6.5	10.8	8.6
Texarkana: TX-AR	133,147	340,364	889,771	1,082,232	9.8	10.1	10.3
Counties:							
Arkansas	36,455	70,863	196,847	235,467	6.9	10.8	9.4
Ashley	32,012	58,354	165,132	202,147	6.2	11.0	10.6
Baxter	13,306	39,261	180,004	235,626	11.4	16.4	14.4
Benton	49,921	132,309	552,854	718,476	10.2	15.4	14.0
Boone	22,003	49,283	177,851	213,392	8.4	13.7	9.5
Bradley	15,117	28,404	84,661	98,420	6.5	11.5	7.8
Calhoun	5,327	11,774	31,082	39,694	8.3	10.2	13.0
Carroll	15,553	30,180	101,198	121,652	6.9	12.9	9.6
Chicot	17,613	33,737	90,319	105,161	6.7	10.3	7.9
Clark	24,062	47,661	139,840	165,785	7.1	11.4	8.9
Clay	21,817	42,502	129,696	150,695	6.9	11.8	7.8
Cleburne	8,897	20,668	96,153	121,144	8.8	16.6	12.2
Cleveland	6,774	12,870	40,882	49,125	6.6	12.3	9.6
Columbia	33,391	61,998	171,973	214,882	6.4	10.7	11.8
Conway	17,347	39,466	114,868	137,142	8.6	11.3	9.3
Craighead	66,883	134,023	434,983	509,483	7.2	12.5	8.2
Crawford	27,352	54,192	205,170	250,766	7.1	14.2	10.6
Crittenden	54,787	106,915	310,022	361,993	6.9	11.2	8.1
Cross	23,539	45,310	140,452	162,139	6.8	12.0	7.4
Dalles	10,852	20,892	62,411	72,907	6.8	11.6	8.1
Desha	23,820	41,201	115,580	135,483	5.6	10.9	8.3
Drew	15,907	30,349	100,791	116,523	6.7	12.8	7.5
Faulkner	31,826	72,190	277,172	337,684	8.5	14.4	10.4
Franklin	11,535	24,760	83,285	100,198	7.9	12.9	9.7
Fulton	6,550	12,594	44,931	52,836	6.8	13.6	8.4
Garland	73,260	151,529	508,944	633,131	7.5	12.9	11.5
Grant	9,061	24,716	81,265	97,619	10.6	12.6	9.6
Greene	29,387	54,963	185,696	224,423	6.5	12.9	9.9
Hempstead	18,153	44,751	145,036	167,381	9.4	12.5	7.4
Hot Spring	29,016	58,012	174,282	208,102	7.2	11.6	9.3
Howard	13,049	27,984	100,438	118,337	7.9	13.6	8.5
Independence	23,162	54,466	189,701	240,477	8.9	13.3	12.6
Izard	6,236	13,551	59,444	76,361	8.1	15.9	13.3
Jackson	27,400	47,384	138,040	160,131	5.6	11.3	7.7
Jefferson	117,725	221,689	619,653	731,086	6.5	10.8	8.6
Johnson	12,446	27,623	97,410	121,788	8.3	13.4	11.8
Lafayette	11,315	21,651	57,918	66,961	6.7	10.3	7.5
Lawrence	17,010	34,454	119,580	142,750	7.3	13.3	9.3
Lee	18,582	32,206	77,828	90,083	5.7	9.2	7.6
Lincoln	14,385	25,767	66,202	77,055	6.0	9.9	7.9
Little River	8,921	28,279	94,214	101,642	12.2	12.8	3.9
Logan	17,324	34,684	108,867	133,156	7.2	12.1	10.6
Lonoke	29,457	62,259	242,406	284,556	7.8	14.6	8.3
Madison	7,036	18,650	59,567	71,816	10.2	12.3	9.8
Marion	5,564	12,753	59,503	76,012	8.6	16.7	13.0
Miller	35,211	91,280	250,012	292,273	10.0	10.6	8.1
Mississippi	87,923	141,222	395,912	452,529	4.9	10.9	6.9
Monroe	16,459	31,203	85,507	99,029	6.6	10.6	7.6
Montgomery	5,270	11,089	38,404	47,504	7.7	13.2	11.2
Nevada	11,400	20,627	63,627	75,917	6.1	11.9	9.2
Newton	4,215	7,662	26,167	31,522	6.2	13.1	9.8
Ouachita	42,153	80,403	199,761	244,198	6.7	9.5	10.6
Perry	4,697	8,414	38,724	45,978	6.0	16.5	9.0
Phillips	45,008	83,989	193,611	217,527	6.4	8.7	6.0
Pike	7,661	17,004	58,190	67,530	8.3	13.1	7.7
Poinsett	39,575	61,588	183,120	214,012	4.5	11.5	8.1
Polk	10,750	27,760	92,920	113,557	10.0	12.8	10.5
Pope	24,767	63,917	230,416	291,002	9.9	13.7	12.4
Prairie	10,617	22,948	68,972	80,257	8.0	11.6	7.9
Pulaski	487,600	995,112	2,947,601	3,551,125	7.4	11.5	9.8
Randolph	12,913	24,291	93,824	108,143	6.5	14.5	7.4
St. Francis	34,407	67,118	184,501	222,667	6.9	10.6	9.9
Saline	39,146	94,958	316,990	388,039	9.3	12.8	10.6
Scott	7,008	15,333	49,726	58,508	8.1	12.5	8.5
Searcy	6,483	11,465	36,105	43,079	5.9	12.2	9.2
Sebastian	132,022	245,902	751,286	927,956	6.4	11.8	11.1
Sevier	10,536	24,930	82,712	91,198	9.0	12.7	5.0
Sharp	6,857	16,789	78,890	102,992	9.4	16.7	14.3
Stone	4,749	9,580	38,523	46,397	7.3	14.9	9.7
Union	82,823	142,003	381,910	469,703	5.5	10.4	10.9
Van Buren	5,894	14,144	61,163	80,059	9.1	15.8	14.4
Washington	73,370	197,278	639,608	778,905	10.4	12.5	10.4
White	34,989	84,281	305,269	374,375	9.2	13.7	10.7
Woodruff	14,815	27,081	79,403	91,743	6.2	11.4	7.5
Yell	13,776	31,564	98,046	120,754	8.6	12.0	11.0

NOTE: The years 1959, 1969 and 1979 are used because these estimates have been benchmarked to the income figures published in the *Census of Population*.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME ESTIMATES
1959, 1969, 1979 AND 1981

Area	Per Capita Personal Income				Average Annual Growth			1981
	1959	1969	1979	1981	1959-69	1969-79	1979-81	Rank[1]
	(dollars)				(percent)			
Arkansas	$1,363	$2,556	$6,745	$8,041	6.5	10.2	9.2	49
SMSAs:								
Fayetteville-Springdale	1,362	2,650	6,820	8,207	6.9	9.9	9.7	4
Fort Smith: AR-OK	1,619	2,548	6,473	7,917	4.6	9.8	10.6	6
Little Rock-North Little Rock	1,970	3,419	8,467	9,932	5.7	9.5	8.3	1
Memphis: TN-AR-MS	1,794	3,191	7,971	9,554	5.9	9.6	9.5	2
Pine Bluff	1,472	2,603	6,922	8,078	5.9	10.3	8.0	5
Texarkana: TX-AR	1,344	3,109	7,025	8,485	8.7	8.5	9.9	3
Counties:								
Arkansas	1,588	3,029	8,159	9,805	6.7	10.4	9.6	2
Ashley	1,344	2,338	6,174	7,389	5.7	10.2	9.4	28
Baxter	1,361	2,653	6,644	8,353	6.9	9.6	12.1	10
Benton	1,400	2,691	7,223	8,952	6.8	10.4	11.3	5
Boone	1,389	2,617	7,003	7,943	6.5	10.3	6.5	18
Bradley	1,096	2,196	6,032	7,221	7.2	10.6	9.4	37
Calhoun	905	2,092	5,155	6,520	8.7	9.4	12.5	59
Carroll	1,402	2,468	6,489	7,534	5.8	10.1	7.8	25
Chicot	943	1,845	5,006	6,128	6.9	10.5	10.6	66
Clark	1,168	2,213	5,918	7,116	6.6	10.3	9.7	43
Clay	1,044	2,230	6,128	7,335	7.9	10.6	9.4	31
Cleburne	999	2,023	5,753	7,066	7.3	11.0	10.8	46
Cleveland	992	1,938	5,289	6,307	6.9	10.6	9.2	63
Columbia	1,287	2,381	6,535	7,973	6.3	10.6	10.5	16
Conway	1,144	2,374	5,930	7,185	7.6	9.6	10.1	38
Craighead	1,438	2,591	6,867	8,021	6.1	10.2	8.1	14
Crawford	1,305	2,141	5,638	6,656	5.1	10.2	8.7	54
Crittenden	1,172	2,220	6,304	7,355	6.6	11.0	8.0	30
Cross	1,225	2,287	6,710	8,002	6.4	11.4	9.2	15
Dallas	1,049	2,071	5,874	7,005	7.0	11.0	9.2	48
Desha	1,167	2,172	5,834	6,853	6.4	10.4	8.4	50
Drew	1,064	1,998	5,550	6,443	6.5	10.8	7.7	61
Faulkner	1,332	2,353	6,136	7,267	5.9	10.1	8.8	35
Franklin	1,149	2,207	5,687	6,710	6.7	9.9	8.6	51
Fulton	1,001	1,660	4,569	5,194	5.2	10.7	6.6	72
Garland	1,596	2,830	7,268	8,948	5.9	9.9	11.0	6
Grant	1,111	2,575	6,303	7,513	8.8	9.4	9.2	26
Greene	1,186	2,214	5,960	7,284	6.4	10.4	10.6	33
Hempstead	939	2,309	6,264	7,128	9.4	10.5	6.7	42
Hot Spring	1,348	2,636	6,533	7,803	6.9	9.5	9.3	19
Howard	1,220	2,459	7,498	8.930	7.3	11.8	9.1	7
Independence	1,175	2,421	6,551	7,738	7.5	10.5	8.7	22
Izard	938	1,848	5,695	7,129	7.0	11.9	11.9	41
Jackson	1,220	2,285	6,305	7,469	6.5	10.7	8.8	27
Jefferson	1,472	2,603	6,922	8,078	5.9	10.3	8.0	12
Johnson	1,019	2,041	5,570	6,865	7.2	10.6	11.0	49
Lafayette	1,044	2,140	5,655	6,527	7.4	10.2	7.4	58
Lawrence	1,002	2,097	6,558	7,762	7.7	12.1	8.8	21
Lee	900	1,684	4,938	5,916	6.5	11.4	9.5	69
Lincoln	1,013	1,974	4,975	5,762	6.9	9.7	7.6	71
Little River	985	2,556	6,482	7,385	10.0	9.8	6.7	29
Logan	1,104	2,071	5,417	6,661	6.5	10.1	10.9	53
Lonoke	1,221	2,381	7,077	8,354	6.9	11.5	8.6	9
Madison	789	1,980	5,470	6,184	9.6	10.7	6.3	64
Marion	937	1,842	5,235	6,169	7.0	11.0	8.6	65
Miller	1,130	2,742	6,688	7,721	9.3	9.3	7.4	23
Mississippi	1,275	2,241	6,546	7,768	5.8	11.3	8.9	20
Monroe	966	1,970	6,033	7,180	7.4	11.8	9.1	39
Montgomery	998	1,915	5,046	6,014	6.7	10.2	9.2	67
Nevada	1,084	2,024	5,636	7,107	6.4	10.8	12.3	44
Newton	719	1,306	3,407	4,147	6.2	10.1	10.3	75
Ouachita	1,355	2,591	6,563	7,960	6.7	9.7	10.1	17
Perry	970	1,510	5,133	6,479	4.5	13.0	12.3	60
Phillips	1,041	2,072	5,449	6,418	7.1	10.2	8.5	62
Pike	991	1,966	5,614	6,570	7.1	11.1	8.2	57
Poinsett	1,306	2,263	6,660	8,153	5.7	11.4	10.6	11
Polk	913	2,105	5,423	6,633	8.7	9.9	10.6	55
Pope	1,190	2,290	6,069	7,303	6.8	10.2	9.7	32
Prairie	1,027	2,228	6,873	8,059	8.1	11.9	8.3	13
Pulaski	2,041	3,512	8,830	10,368	5.6	9.7	8.4	1
Randolph	1,049	1,923	5,615	6,680	6.2	11.3	9.1	52
St. Francis	1,051	2,158	5,958	7,271	7.5	10.7	10.5	34
Saline	1,375	2,676	6,127	7,171	6.9	8.6	8.2	40
Scott	977	1,885	5,215	6,002	6.8	10.7	7.3	68
Searcy	812	1,473	4,073	4,965	6.1	10.7	10.4	74
Sebastian	2,014	3,146	7,956	9,626	4.6	9.7	10.0	3
Sevier	1,055	2,230	6,008	6,601	7.8	10.4	4.8	56
Sharp	1,104	2,082	5,531	7,084	6.5	10.3	13.2	45
Stone	768	1,410	4,389	5,126	6.3	12.0	8.1	73
Union	1,701	3,091	7,629	9,469	6.2	9.5	11.4	4
Van Buren	829	1,730	4,639	5,842	7.6	10.4	12.2	70
Washington	1,338	2,624	6,507	7,622	7.0	9.5	8.2	24
White	1,087	2,178	6,109	7,235	7.2	10.9	8.8	36
Woodruff	1 080	2,289	7,073	8,470	7.8	11.9	9.4	8
Yell	1,174	2,251	5,623	7,025	6.7	9.6	11.8	47

NOTE The years 1959, 1969 and 1979 are used because these estimates have been benchmarked to the income figures published in the Census of Population.

[1] Arkansas' rank in the United States, SMSAs' and counties' rank in the state.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

RETAIL SALES, 1967, 1972, 1977 AND 1982

Area	Census of Retail Trade 1967	1972[1]	1977[1]	Sales and Marketing Management Estimate 1982[2]	Average Annual Growth 1967-1977	1977-1982
	(thousands)				(percent)	
Arkansas	$2,534,619	$3,900,865[3]	$6,383,258	$10,021,574	9.7	9.4
SMSAs						
Fayetteville Springdale	189,237	292,720	502,622	563,106	10.3	2.3
Fort Smith, AR OK	208,622	339,207	595,140	957,546	11.1	10.0
Little Rock North Little Rock	492,318	862,932	1,431,019	2,448,375	11.3	11.3
Memphis, TN AR MS	1,227,405	1,960,047	2,949,115	4,092,225	9.2	6.8
Pine Bluff	113,877	167,618	273,075	384,559	9.1	7.1
Texarkana, TX AR	177,053	250,911	387,708	581,588	8.2	8.4
Counties						
Arkansas	43,542	46,142	75,577	103,042	5.7	6.4
Ashley	30,555	40,639	58,749	89,124	6.8	8.7
Baxter	17,154	37,979	71,408	129,056	15.3	12.6
Benton	55,809	108,412	180,450	300,001	12.5	10.7
Boone	28,097	52,443	97,927	154,717	13.3	9.6
Bradley	16,400	22,137	30,846	40,921	6.5	5.8
Calhoun	3,011	4,022	6,579	10,412	8.1	9.6
Carroll	16,235	21,619	34,375	65,837	7.8	13.9
Chicot	23,554	26,360	34,457	44,669	3.9	5.3
Clark	24,711	43,840	75,043	118,623	11.7	9.6
Clay	21,856	25,127	33,822	47,413	4.5	7.0
Cleburne	11,161	25,933	37,980	52,555	13.0	10.5
Cleveland	2,249	3,316	4,215	5,483	6.5	5.4
Columbia	30,110	41,692	64,016	99,031	7.8	9.1
Conway	24,278	36,168	53,009	74,428	8.1	7.0
Craighead	70,766	117,825	227,399	407,812	12.4	12.4
Crawford	20,968	40,983	76,137	133,619	13.8	11.9
Crittenden	77,204	112,802	160,667	246,859	7.6	9.0
Cross	25,050	28,873	48,038	73,126	6.7	8.8
Dallas	13,754	18,658	29,878	40,950	8.1	6.5
Desha	29,865	46,782	52,307	74,164	5.8	7.2
Drew	16,965	25,696	43,579	65,840	9.9	8.6
Faulkner	37,062	59,576	108,529	190,841	11.3	12.0
Franklin	9,544	15,730	24,871	38,579	10.1	9.2
Fulton	5,619	7,656	12,557	20,579	8.4	10.4
Garland	93,480	148,885	229,427	380,184	9.4	10.6
Grant	6,476	13,163	23,667	33,241	13.8	7.0
Greene	29,295	49,078	81,656	120,757	10.8	8.1
Hempstead	25,411	31,842	47,615	71,183	6.5	8.4
Hot Spring	23,869	39,891	59,413	79,631	9.5	6.0
Howard	13,553	25,017	37,066	54,744	10.6	8.1
Independence	28,368	47,105	84,840	143,002	11.6	11.0
Izard	6,764	10,773	17,119	25,095	9.7	7.9
Jackson	33,159	41,420	58,163	81,964	5.8	7.1
Jefferson	113,877	167,618	273,075	384,559	9.1	7.1
Johnson	12,833	20,262	39,688	58,163	12.0	7.9
Lafayette	8,502	11,528	12,663	15,260	4.1	3.8
Lawrence	19,233	23,496	41,890	66,687	8.1	9.7
Lee	18,239	19,098	24,138	32,823	2.8	6.3
Lincoln	8,417	9,550	14,098	20,652	5.3	7.9
Little River	8,861	18,009	25,776	47,760	11.3	13.1
Logan	18,419	31,386	48,060	76,275	10.1	9.7
Lonoke	30,630	39,388	70,424	103,342	8.7	8.0
Madison	8,147	9,479	17,459	31,816	7.9	12.8
Marion	3,048	7,773	13,989	19,990	16.5	7.4
Miller	51,518	69,365	107,910	186,371	7.7	11.5
Mississippi	74,255	112,751	162,927	216,157	8.2	5.8
Monroe	17,266	23,179	39,330	54,461	8.6	6.7
Montgomery	3,051	4,986	8,719	13,436	11.1	9.0
Nevada	9,335	17,205	22,085	31,837	9.0	7.6
Newton	1,251	2,952	3,907	5,714	12.1	7.9
Ouachita	37,189	55,733	80,532	127,881	8.0	9.7
Perry	2,364	3,449	4,370	6,499	6.3	8.3
Phillips	49,291	56,910	88,149	124,558	6.0	7.2
Pike	10,561	17,339	27,674	42,536	10.1	9.0
Poinsett	40,528	41,287	59,087	82,619	3.8	6.9
Polk	16,574	24,414	38,604	50,806	8.8	5.6
Pope	33,360	62,607	123,112	216,861	13.9	12.0
Prairie	12,699	15,875	24,022	32,286	6.6	6.1
Pulaski	459,826	805,798	1,325,501	1,978,397	11.2	8.3
Randolph	14,708	18,590	31,832	44,186	8.0	6.8
St. Francis	39,890	52,649	86,023	134,381	8.0	9.3
Saline	32,492	57,134	105,518	175,795	12.5	10.7
Scott	7,623	16,375	13,855	17,523	5.9	4.8
Searcy	5,760	10,285	15,242	23,965	10.2	9.5
Sebastian	142,973	225,904	396,062	730,261	10.7	13.0
Sevier	11,662	22,616	36,259	51,548	12.0	7.3
Sharp	5,851	10,671	27,473	46,947	16.7	11.3
Stone	7,302	8,596	17,746	26,818	9.3	8.6
Union	65,565	96,386	147,299	211,919	8.4	7.5
Van Buren	6,626	10,653	20,495	40,210	12.0	14.4
Washington	133,428	184,308	322,172	563,106	9.2	11.8
White	48,147	76,287	134,581	221,932	10.8	10.5
Woodruff	13,401	11,690	20,735	30,952	4.5	8.3
Yell	13,823	21,190	29,394	46,803	7.8	9.7

[1] Data for 1972 and 1977 are not strictly comparable to 1967 data due to revisions in the Standard Industrial Classification manual. Electrical supply stores, plumbing and heating equipment dealers; farm equipment dealers; and parts of hay, grain and feed dealers and farm supply stores were classified in wholesale trade in 1972. Comparable data are available for states and standard metropolitan areas based on the 1967 Standard Industrial Classification.

[2] Estimates by Sales and Marketing Management, Inc., New York, New York based on updates from the 1977 Census of Retail Trade benchmarks.

[3] Revised state total.

Sources: U.S. Department of Commerce, Bureau of the Census, *1967 Census of Business, Retail Trade, Area Statistics, Arkansas*, BC67-RA 5; *1972 Census of Retail Trade, Area Statistics, Arkansas*, RC 72-A-4; *1977 Census of Retail Trade, Geographic Area Series, Arkansas*, RC77-A-4 (Washington: Government Printing Office); and *Sales and Marketing Management, 1981 Survey of Buying Power*, Vol. 127, No. 2, July 27, 1981 and 1983 *Survey of Buying Power*, Vol. 131, No. 2, July 25, 1983 (New York).

SALES RECEIPTS OF SERVICE ESTABLISHMENTS, 1967, 1972 AND 1977[1]

Area	Total Receipts 1967	1972	1977	Average Annual Growth 1967-1972	1972-1977	1967-1977
		(thousands)			(percent)	
Ark.	$269,911	$578,777	$922,114	16.5	9.8	13.1
SMSAs						
Fayetteville-Springdale	19,872	49,818	72,538	20.2	7.8	13.8
Fort Smith: AR-OK	25,035	52,203	94,283	15.8	12.6	14.2
Little Rock-North Little Rock	73,247	186,902	291,559	20.6	9.3	14.8
Memphis: TN-AR-MS	220,669	483,849	688,609	17.0	7.3	12.1
Pine Bluff	10,953	20,253	32,443	13.1	9.9	11.5
Texarkana: TX-AR	17,386	32,208	55,815	13.1	11.6	12.4
Counties:						
Arkansas	3,544	4,975	10,136	7.0	15.3	11.1
Ashley	1,815	3,408	6,074	13.4	12.3	12.8
Baxter	2,789	6,946	11,723	20.0	11.0	15.4
Benton	6,984	22,930	24,384	26.8	1.2	13.3
Boone	3,700	8,214	10,264	17.3	4.6	10.7
Bradley	1,537	2,298	2,952	8.4	5.1	6.7
Calhoun	149	209	619	7.0	24.3	15.3
Carroll	1,545	2,939	7,669	13.7	21.1	17.4
Chicot	1,076	2,042	3,191	13.7	9.3	11.5
Clark	2,078	3,847	5,503	13.1	7.4	10.2
Clay	1,399	2,081	3,494	8.3	10.9	9.6
Cleburne	1,377	2,428	3,836	12.0	9.6	10.8
Cleveland	232	397	344	11.3	-2.8	4.0
Columbia	3,297	6,118	10,661	13.2	11.7	12.5
Conway	1,310	2,328	4,355	12.2	13.3	12.8
Craighead	8,388	16,711	27,337	14.8	10.3	12.5
Crawford	1,530	2,639	6,613	11.5	20.2	15.8
Crittenden	8,601	21,679	31,421	20.3	7.7	13.8
Cross	1,198	1,844	3,460	9.0	13.4	11.2
Dallas	703	1,190	1,792	11.1	8.5	9.8
Desha	1,250	2,333	5,433	13.3	18.4	15.8
Drew	1,112	2,033	2,872	12.8	7.2	10.0
Faulkner	2,898	7,271	19,379	20.2	21.7	20.9
Franklin	806	1,381	1,833	11.4	5.8	8.6
Fulton	335	658	1,320	14.5	14.9	14.7
Garland	23,898	37,032	59,826	9.2	10.1	9.6
Grant	279	891	2,099	26.1	18.7	22.4
Greene	2,434	4,622	7,264	13.7	9.5	11.6
Hempstead	2,777	3,941	6,741	7.3	11.3	9.3
Hot Spring	1,964	3,332	5,865	11.2	12.0	11.6
Howard	910	1,731	2,505	13.7	7.7	10.7
Independence	2,237	5,852	8,959	21.2	8.9	14.9
Izard	180	1,513	1,042	53.1	-7.2	19.2
Jackson	1,815	3,478	6,286	13.9	12.6	13.2
Jefferson	10,953	20,253	32,443	13.1	9.9	11.5
Johnson	1,228	1,928	2,750	9.4	7.4	8.4
Lafayette	721	1,217	1,796	11.0	8.1	9.6
Lawrence	1,328	2,160	3,755	10.2	11.7	11.0
Lee	705	1,282	1,705	12.7	5.9	9.2
Lincoln	227	625	1,664	22.5	21.6	22.0
Little River	1,917	2,946	3,143	9.0	1.3	5.1
Logan	1,303	2,134	3,152	10.4	8.1	9.2
Lonoke	1,108	2,855	5,229	20.8	12.9	16.8
Madison	457	774	1,646	11.1	16.3	13.7
Marion	722	1,003	2,543	6.8	20.5	13.4
Miller	3,954	10,232	15,726	20.9	9.0	14.8
Mississippi	5,768	12,655	16,697	17.0	5.7	11.2
Monroe	1,623	2,223	3,670	6.5	10.5	8.5
Montgomery	789	1,290	1,794	10.3	6.8	8.6
Nevada	436	1,128	1,552	20.9	6.6	13.5
Newton	(D)	1,911	2,103	-	1.9	-
Ouachita	3,000	4,693	7,543	9.4	10.0	9.7
Perry	(D)	350	724	-	15.6	-
Phillips	3,066	5,188	8,833	11.1	11.2	11.2
Pike	562	929	1,501	10.6	10.1	10.3
Poinsett	1,619	3,453	3,823	16.4	2.1	9.0
Polk	1,066	2,216	3,483	15.8	9.5	12.6
Pope	2,783	7,493	12,694	21.9	11.1	16.4
Prairie	575	1,014	1,574	12.0	9.2	10.6
Pulaski	71,139	182,785	284,686	20.8	9.3	14.9
Randolph	744	1,590	2,510	16.4	9.6	12.9
St. Francis	2,916	5,256	10,139	12.5	14.0	13.3
Saline	2,108	4,117	6,873	14.3	10.8	12.5
Scott	548	2,579	664	36.3	-23.8	1.9
Searcy	375	749	869	14.8	3.0	8.8
Sebastian	20,110	43,490	75,772	16.7	11.7	14.2
Sevier	960	1,750	2,905	12.8	10.7	11.7
Sharp	412	792	1,840	14.0	18.4	16.1
Stone	207	637	1,204	25.2	13.6	19.3
Union	8,170	14,795	19,144	12.6	5.3	8.9
Van Buren	332	873	3,109	21.3	28.9	25.1
Washington	12,888	26,888	48,154	15.8	12.4	14.1
White	4,486	6,610	11,827	8.1	12.3	10.2
Woodruff	624	832	1,281	5.9	9.0	7.5
Yell	647	1,791	2,342	22.6	5.5	13.7

(D) – Disclosure.

[1] Included are: Hotels, motels and trailering parks and campus; personal services; business services; automotive repair, services and garages; miscellaneous repair services; amusement and recreation services, including motion pictures; dental laboratories; legal services; and engineering, architectural and surveying services. For a detailed listing and explanation of the businesses covered, please refer to the *Census of Service Industries*.

Sources: U.S. Department of Commerce, Bureau of the Census, *1967 Census of Business, Selected Services, Area Statistics, Arkansas*, Vol. V, Part 1; *1972 Census of Selected Services, Area Statistics, Arkansas*, Vol. II; and *1977 Census of Service Industries, Geographic Area Series, Arkansas*, SC 77-A-4 (Washington: Government Printing Office).

WHOLESALE SALES, 1967, 1972 AND 1977

Area	Total Wholesale Sales 1967	 1972 (thousands)	 1977	Average Annual Growth 1967 1972	 1972 1977 (percent)	 1967 1977
Arkansas	$1,955,957	$3,438,403	$ 6,769,264	11.9	14.5	13.2
SMSAs						
Fayetteville Springdale	128,225	311,562	572,485	19.4	10.9	15.1
Fort Smith AR OK	199,008	327,000	617,240	10.4	13.5	12.0
Little Rock North Little Rock	726,701	1,200,236	2,606,869	10.6	16.8	13.6
Memphis TN AR MS	4,430,724	7,601,611	15,650,440	11.4	15.5	13.5
Pine Bluff	137,434	243,121	285,624	12.1	3.3	7.6
Texarkana TX AR	131,664	254,797	304,077	14.1	3.6	8.7
Counties						
Arkansas	32,754	59,815	124,729	12.8	15.8	14.3
Ashley	11,183	26,134	25,451	18.5	0.5	8.6
Baxter	3,608	8,730	23,514	19.3	21.9	20.6
Benton	36,116	84,627	99,850	18.6	3.4	10.7
Boone	24,070	42,613	83,141	12.1	14.3	13.2
Bradley	4,606	19,993	15,956	34.1	4.4	13.2
Calhoun		(D)	(D)			
Carroll	6,231	14,616	15,211	18.6	0.8	9.3
Chicot	24,469	30,754	56,984	4.7	13.1	8.8
Clark	8,888	17,320	23,814	14.3	6.6	10.4
Clay	13,199	30,709	42,375	18.4	6.7	12.4
Cleburne	5,934	8,876	15,304	8.4	11.5	9.9
Cleveland	(D)	3,669	(D)			
Columbia	7,219	16,842	36,288	18.5	16.6	17.5
Conway	10,122	21,057	35,607	15.8	11.1	13.4
Craighead	40,597	74,095	147,057	12.8	14.7	13.7
Crawford	14,868	19,902	121,866	6.0	43.7	23.4
Crittenden	27,462	46,106	249,581	10.9	40.2	24.7
Cross	12,382	18,800	46,352	8.7	19.8	14.1
Dallas	3,731	5,185	10,686	6.8	15.6	11.1
Desha	31,083	34,479	87,431	2.1	20.5	10.9
Drew	10,077	13,347	18,189	5.8	6.4	6.1
Faulkner	10,175	21,013	35,083	15.6	10.8	13.2
Franklin	857	3,310	8,400	31.0	20.5	25.6
Fulton	(D)	6,751	5,564		3.8	
Garland	32,450	66,865	95,700	15.6	7.4	11.4
Grant	1,800	4,257	7,993	18.8	13.4	16.1
Greene	17,117	21,868	34,562	5.0	9.6	7.3
Hempstead	20,716	55,717	92,616	21.9	10.7	16.2
Hot Spring	10,110	19,498	25,864	14.0	5.8	9.8
Howard	4,799	8,775	14,323	12.8	10.3	11.6
Independence	18,723	40,138	69,583	16.5	11.6	14.0
Izard	(D)	1,014	3,340		26.9	-
Jackson	6,606	31,125	40,405	36.3	5.4	19.9
Jefferson	137,434	243,121	285,624	12.1	3.3	7.6
Johnson	2,012	3,360	5,700	10.8	11.1	11.0
Lafayette	3,055	3,402	6,873	2.2	15.1	8.4
Lawrence	3,983	11,858	27,382	24.4	18.2	21.3
Lee	5,090	11,578	(D)	17.9	-	-
Lincoln	1,403	5,394	12,159	30.9	17.7	24.1
Little River	3,504	6,070	11,280	11.6	13.2	12.4
Logan	3,184	8,230	18,488	20.9	17.6	19.2
Lonoke	10,087	23,968	55,400	18.9	18.2	18.6
Madison	324	4,202	3,108	66.9	-5.9	25.4
Marion	448	1,162	3,741	21.0	26.3	23.6
Miller	31,362	59,958	107,922	13.8	12.5	13.2
Mississippi	59,148	77,722	144,262	5.6	13.2	9.3
Monroe	12,840	19,015	37,036	8.2	14.3	11.2
Montgomery	474	(D)	(D)			
Nevada	4,696	5,376	7,970	2.7	8.2	5.4
Newton	-	(D)	1,000	-		-
Ouachita	14,177	25,456	36,102	12.4	7.2	9.8
Perry	(D)	821	2,682		26.5	
Phillips	25,970	64,757	92,155	20.1	7.3	13.5
Pike	2,824	2,803	17,482	-0.1	44.2	20.0
Poinsett	14,521	28,437	48,957	14.4	11.5	12.9
Polk	4,607	21,526	44,661	36.1	15.7	25.5
Pope	19,740	38,176	62,481	14.1	10.4	12.2
Prairie	4,306	18,624	38,232	34.0	15.5	24.4
Pulaski	721,132	1,191,303	2,585,806	10.6	16.8	13.6
Randolph	3,517	8,604	24,894	19.6	23.7	21.6
St. Francis	15,450	34,911	69,904	17.7	14.9	16.3
Saline	5,569	8,933	21,063	9.9	18.7	14.2
Scott	(D)	5,183	4,634		2.2	
Searcy	5,241	4,238	10,179	4.2	19.2	6.9
Sebastian	151,964	238,620	439,410	9.4	13.0	11.2
Sevier	6,016	14,270	35,122	18.9	19.7	19.3
Sharp	751	6,932	21,872	56.0	25.8	40.1
Stone	482	1,301	9,849	22.0	49.9	35.2
Union	37,308	45,366	134,473	4.0	24.3	13.7
Van Buren	1,578	3,590	3,410	17.9	-1.0	8.0
Washington	92,109	226,935	422,635	19.8	13.2	16.5
White	19,047	35,386	65,575	13.2	13.1	13.2
Woodruff	12,378	35,354	85,163	23.4	19.2	21.3
Yell	(D)	6,351	10,975		11.6	

Represents zero.

(D) = Disclosure.

Sources: U.S. Department of Commerce, Bureau of the Census, *1967 Census of Business: Wholesale Trade, Area Statistics, Arkansas*, Vol. IV; *1972 Census of Wholesale Trade, Area Statistics, Arkansas*, Vol. II, and *1977 Census of Wholesale Trade, Geographic Area Series, Arkansas* WC 77 A 4 (Washington: Government Printing Office).

BANK DEPOSITS, 1960, 1970, 1980 AND 1982

Area	Total Deposits[1]							Savings and Other IPC Time Deposits[2] as a Percent of Total Deposits			
	Amount				Average Annual Growth						
	1960	1970	1980	1982	1960-70	1970-80	1980-82	1960	1970	1980	1982
		(thousands)				(percent)					
Arkansas[3]	$1,149,615	$2,766,010	$8,914,893	$10,535,439	9.2	12.4	8.7	25.1	42.9	60.1	70.8
SMSAs:											
Fayetteville-Springdale	67,854	189,754	740,752	906,823	10.8	14.6	10.6	23.7	41.9	61.2	72.6
Ft. Smith: AR-OK	95,814	221,521	725,963	898,816	8.7	12.6	11.3	22.0	39.4	57.2	70.8
Little Rock-North Little Rock	266,870	601,676	1,690,248	1,917,835	8.5	10.9	6.5	20.0	34.4	47.8	57.0
Memphis: TN-AR-MS	777,326	1,651,402	3,641,676	4,236,858	7.8	8.2	7.9	28.5	37.8	56.0	65.4
Pine Bluff	62,031	126,436	342,364	369,366	7.4	10.5	3.9	28.3	38.7	53.5	61.2
Texarkana: TX-AR	72,664	174,952	502,231	626,981	9.2	11.1	11.7	28.9	45.3	58.4	70.7
Counties:											
Arkansas	23,307	59,807	187,667	207,040	9.9	12.1	5.0	19.3	42.3	65.1	75.2
Ashley	14,045	31,357	98,514	117,668	8.4	12.1	9.3	25.9	48.4	67.1	74.4
Baxter	4,689	24,795	128,902	158,852	18.1	17.9	11.0	12.1	53.7	79.0	85.0
Benton	21,934	64,983	305,821	385,089	11.5	16.8	12.2	18.3	41.6	62.6	76.0
Boone	13,615	30,555	105,667	120,359	8.4	13.2	6.7	42.7	45.8	58.7	71.8
Bradley	8,450	22,693	72,458	87,694	10.4	12.3	10.0	39.9	62.9	77.8	81.7
Calhoun	1,456	3,682	12,141	15,065	9.7	12.7	11.4	21.4	44.3	63.0	77.1
Carroll	9,342	24,257	77,570	96,288	10.0	12.3	11.4	37.3	50.0	66.4	78.8
Chicot	8,585	24,129	72,484	85,688	10.9	11.6	8.7	30.4	51.7	65.9	75.7
Clark	14,912	36,464	125,302	128,204	9.4	13.1	1.2	41.2	50.6	62.7	74.0
Clay	8,054	17,037	54,404	62,233	7.8	12.3	7.0	16.7	36.9	53.7	71.6
Cleburne	4,735	15,281	68,337	88,590	12.4	16.2	13.9	18.9	53.8	70.6	81.9
Cleveland	1,518	3,324	8,626	11,732	8.2	10.0	16.6	20.5	32.0	54.4	70.5
Columbia	25,605	41,345	125,567	178,600	4.9	11.7	19.3	26.9	43.6	60.2	75.1
Conway	8,405	20,075	53,805	62,766	9.1	10.4	8.0	31.0	51.5	57.9	68.7
Craighead	32,822	92,358	297,953	311,968	10.9	12.4	2.3	38.2	47.9	64.6	70.9
Crawford	8,687	23,812	66,327	99,371	10.6	10.8	22.4	26.6	44.8	51.1	70.7
Crittenden	14,612	42,040	125,283	130,800	11.1	11.5	2.2	22.2	41.9	57.8	66.5
Cross	9,561	22,832	90,196	97,471	9.1	14.7	4.0	24.9	47.8	63.2	74.2
Dallas	7,410	13,092	47,542	55,786	5.9	13.8	8.3	36.4	52.7	72.7	78.7
Desha	10,060	23,541	84,275	97,089	8.9	14.0	7.3	34.1	53.9	69.6	77.5
Drew	6,480	20,548	79,156	88,574	12.2	14.4	5.8	14.1	51.0	73.4	78.3
Faulkner	12,832	40,940	129,186	165,304	12.3	12.2	13.1	33.1	55.3	60.4	68.7
Franklin	4,104	9,993	44,129	59,623	9.3	16.0	16.2	8.4	36.9	67.1	80.9
Fulton	2,859	7,793	31,170	40,408	10.5	14.9	13.9	16.5	32.1	62.9	77.7
Garland	32,380	84,456	339,631	399,308	10.1	14.9	8.4	28.1	51.0	70.1	77.1
Grant	1,628	7,011	31,905	34,129	15.7	16.4	3.4	8.2	51.3	62.0	75.0
Greene	15,698	34,226	125,456	147,288	8.1	13.9	8.4	39.1	57.1	71.9	78.5
Hempstead	13,573	35,208	108,261	132,553	10.0	11.9	10.7	44.5	57.0	71.3	79.9
Hot Spring	10,138	19,499	69,717	92,809	6.8	13.6	15.4	19.4	40.5	66.6	79.5
Howard	5,326	13,657	64,062	81,639	9.9	16.7	12.9	14.2	31.9	65.8	81.7
Independence	12,127	32,315	102,238	128,587	10.3	12.2	12.1	26.1	44.2	65.7	79.1
Izard	2,773	6,335	35,006	40,996	8.6	18.6	8.2	2.9	22.9	66.1	76.9
Jackson	12,508	30,036	84,320	99,454	9.2	10.9	8.6	23.8	39.2	59.7	73.4
Jefferson	62,031	126,436	342,364	369,366	7.4	10.5	3.9	28.3	38.7	53.5	61.2
Johnson	5,553	15,313	56,276	73,914	10.7	13.9	14.6	27.7	51.2	64.3	80.3
Lafayette	7,657	16,622	50,654	65,301	8.1	11.8	13.5	49.0	61.2	70.2	78.8
Lawrence	6,953	15,916	59,115	70,911	8.6	14.0	9.5	16.9	37.3	59.8	72.5
Lee	5,477	10,347	30,721	36,963	6.6	11.5	9.7	8.6	27.9	51.4	56.9
Lincoln	1,551	6,123	23,793	26,601	14.7	14.5	5.7	17.4	42.1	60.8	64.5
Little River	2,807	9,172	41,175	60,543	12.6	16.2	21.3	25.8	46.8	66.7	77.7
Logan	6,292	20,794	73,162	91,621	12.7	13.4	11.9	13.0	50.4	68.5	82.7
Lonoke	10,824	28,873	102,615	118,777	10.3	13.5	7.6	18.0	43.2	61.4	73.7
Madison	3,839	10,155	29,344	39,998	10.2	11.2	16.8	35.4	57.0	67.4	84.3
Marion	1,162	3,771	36,625	40,686	12.5	25.5	5.4	3.4	31.8	74.5	81.4
Miller	30,891	74,127	190,457	226,998	9.1	9.9	9.2	32.8	46.2	59.6	72.2
Mississippi	30,481	69,147	176,825	208,555	8.5	9.8	8.6	22.6	40.9	57.4	69.8
Monroe	7,184	18,497	63,035	68,450	9.9	13.0	4.2	23.4	48.8	64.7	74.3
Montgomery	1,240	5,019	19,336	25,438	15.0	14.4	14.7	27.1	51.9	68.7	79.8
Nevada	4,536	9,145	21,661	26,995	7.3	9.0	11.6	17.4	39.4	53.7	73.1
Newton	852	2,791	13,490	17,164	12.6	17.1	12.8	26.0	44.9	65.8	76.5
Ouachita	15,704	37,349	113,095	131,890	9.1	11.7	8.0	21.5	48.2	64.1	73.8
Perry	958	3,354	12,988	16,284	13.3	14.5	12.0	9.8	43.9	66.9	76.3
Phillips	19,337	41,230	132,589	141,735	7.9	12.4	3.4	30.0	45.0	58.6	69.8
Pike	4,565	10,335	43,598	51,959	8.5	15.5	9.2	32.8	45.6	67.8	79.2
Poinsett	14,450	32,818	106,214	121,659	8.5	12.5	7.0	24.2	50.1	65.5	76.7
Polk	6,722	20,059	69,366	84,349	11.6	13.2	10.3	24.1	50.4	68.8	75.8
Pope	15,768	44,783	134,622	158,492	11.0	11.6	8.5	39.4	54.0	61.9	70.5
Prairie	4,464	11,965	36,441	39,163	10.4	11.8	3.7	27.0	51.5	63.4	76.2
Pulaski	255,841	572,970	1,593,130	1,795,184	8.4	10.8	6.2	19.0	33.6	46.8	55.9
Randolph	4,433	13,845	50,525	60,169	12.1	13.8	9.1	17.8	37.5	59.3	70.4
St. Francis	14,847	33,240	96,270	99,809	8.4	11.2	1.8	27.7	43.6	56.1	63.8
Saline	11,029	28,697	97,118	122,651	10.0	13.0	12.4	44.2	51.7	63.5	73.8
Scott	3,250	7,858	28,353	44,829	9.2	13.7	25.7	33.3	51.3	70.1	83.0
Searcy	2,832	7,204	22,814	27,401	9.8	12.2	9.6	37.8	54.8	67.4	75.7
Sebastian	72,230	150,086	459,908	539,407	7.6	11.8	8.3	21.5	36.5	55.1	70.0
Sevier	5,080	16,343	63,010	82,168	12.4	14.4	14.2	26.8	47.2	68.7	78.4
Sharp	2,638	10,801	60,988	79,173	15.1	18.9	13.9	18.6	46.0	71.5	79.2
Stone	1,067	3,789	17,736	22,805	13.5	16.7	13.4	.0	32.7	59.7	75.4
Union	44,881	83,823	251,685	324,821	6.4	11.6	13.6	23.2	40.6	58.4	75.7
Van Buren	2,487	8,314	35,670	47,368	12.8	15.7	15.2	16.8	51.4	67.8	79.3
Washington	45,920	124,771	434,931	521,734	10.5	13.3	9.5	26.3	42.1	60.2	70.1
White	15,819	42,149	144,508	186,789	10.3	13.1	13.7	14.7	38.0	58.9	70.8
Woodruff	6,468	17,613	48,693	58,382	10.5	10.7	9.5	16.8	40.0	59.0	71.8
Yell	5,273	21,287	76,915	99,912	15.0	13.7	14.0	30.1	61.5	75.0	81.5

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[1] Includes interbank and government deposits, and uninvested trust funds.

[2] IPC Time Deposits – Deposits of individuals, partnerships and corporations.

[3] Where applicable, county data may not equal state total due to rounding.

Sources: Board of Governors of the Federal Reserve System, *Distribution of Bank Deposits by County and Standard Metropolitan Areas, June 15, 1960;* and Federal Deposit Insurance Corporation, *Summary of Accounts and Deposits in All Commercial Banks, Memphis Region, Dallas Region, June 30, 1970; Summary of Accounts and Deposits in All Commercial and Mutual Savings Banks, Memphis Region, Dallas Region, June 30, 1980;* and *Banks and Branches Data Book, June 30, 1982, Summary of Accounts and Deposits in all Commercial and Mutual Savings Banks and Domestic Branches of Foreign Banks* (Washington, D.C.).

VALUE ADDED BY MANUFACTURE, 1967, 1972 AND 1977

Area	Total Value Added 1967	1972	1977	Average Annual Growth 1967-1972	1972-1977	1967-1977
		(millions)			(percent)	
Arkansas	$1,557.7	$2,799.8	$4,881.6	12.4	11.8	12.1
SMSAs:						
Fayetteville-Springdale	126.8	240.3	412.6	13.6	11.4	12.5
Fort Smith: AR-Ok	164.2	281.4	553.8	11.4	14.5	12.9
Little Rock-North Little Rock	266.9	423.2	827.4	9.7	14.3	12.0
Memphis: TN-AR-MS	821.0	1,352.4	2,159.7	10.5	9.8	10.2
Pine Bluff	92.4	147.1	195.1	9.7	5.8	7.8
Texarkana: TX-AR	63.4	106.1	228.9	10.8	16.6	13.7
Counties:						
Arkansas	24.5	38.2	82.4	9.2	16.6	12.8
Ashley	40.5	(D)	(D)			
Baxter	(D)	16.1	70.2	-	34.2	
Benton	58.3	117.8	212.7	15.1	12.5	13.8
Boone	12.9	27.0	44.6	15.9	10.6	13.2
Bradley	(D)	26.2	57.3		16.9	
Calhoun	5.0	(D)	2.2			-7.9
Carroll	6.3	6.6	11.8	0.9	12.3	6.5
Chicot	4.6	7.2	4.9	9.4	-7.4	0.6
Clark	22.2	39.6	48.0	12.3	3.9	8.0
Clay	9.0	12.9	18.7	7.5	7.7	7.6
Cleburne	1.8	2.8	9.7	9.2	28.2	16.3
Cleveland	2.2	4.5	2.9	15.4	-8.4	2.8
Columbia	25.1	57.1	90.2	17.9	9.6	13.6
Conway	14.0	30.6	64.2	16.9	16.0	16.5
Craighead	36.4	65.7	151.3	12.5	18.2	15.3
Crawford	4.2	10.5	(D)	20.1		
Crittenden	12.8	38.0	(D)	24.3		
Cross	12.5	22.9	40.6	12.9	12.1	12.5
Dallas	7.8	20.0	34.6	20.7	11.6	16.1
Desha	4.7	24.5	57.3	39.1	18.5	28.4
Drew	17.2	34.5	55.2	14.9	9.9	12.4
Faulkner	17.4	44.5	86.9	20.7	14.3	17.4
Franklin	3.8	5.8	12.2	8.8	16.0	12.4
Fulton	0.4	3.0	(D)	49.6		
Garland	24.6	50.6	75.1	15.5	8.2	11.8
Grant	8.1	25.6	25.7	25.9	0.1	12.2
Greene	16.7	74.6	94.7	34.9	4.9	18.9
Hempstead	8.3	21.7	32.7	21.2	8.5	14.7
Hot Spring	(D)	43.1	71.1		10.5	
Howard	13.9	34.9	73.6	20.2	16.1	18.1
Independence	19.2	34.5	67.2	12.4	14.3	13.3
Izard	1.4	2.2	1.9	9.5	2.9	3.1
Jackson	10.8	16.8	32.6	9.2	14.2	11.7
Jefferson	92.4	147.1	195.1	9.7	5.8	7.8
Johnson	6.0	12.2	22.2	15.3	12.7	14.0
Lafayette	3.5	8.1	12.4	18.3	8.9	13.5
Lawrence	5.5	5.7	23.2	0.7	32.4	15.5
Lee	(D)	5.7	(D)			
Lincoln	(D)	(D)	(D)			
Little River	12.2	(D)	(D)			
Logan	10.4	21.2	30.3	15.3	7.4	11.3
Lonoke	9.1	31.2	40.1	27.9	5.1	16.0
Madison	0.5	0.9	5.1	12.5	41.5	26.1
Marion	0.2	0.4	6.0	14.9	71.9	40.5
Miller	9.6	(D)	(D)			
Mississippi	57.4	106.5	192.7	13.2	12.6	12.9
Monroe	6.3	11.8	14.9	13.4	4.8	9.0
Montgomery	2.0	3.6	7.6	12.5	16.1	14.3
Nevada	5.0	9.4	18.2	13.5	14.1	13.8
Newton	0.2	N.A.	0.4			7.2
Ouachita	38.5	65.3	108.1	11.1	10.6	10.9
Perry	(D)	(D)	0.2			
Phillips	45.2	44.8	63.1	0.2	7.1	3.4
Pike	3.4	8.4	14.5	19.8	11.5	15.6
Poinsett	17.1	31.1	34.9	12.7	2.3	7.4
Polk	10.0	27.8	31.2	22.7	2.3	12.1
Pope	31.6	57.1	105.5	12.6	13.1	12.8
Prairie	3.7	7.9	6.8	16.4	3.0	6.3
Pulaski	214.1	375.6	732.7	11.9	14.3	13.1
Randolph	9.4	24.8	55.6	21.4	17.5	19.5
St. Francis	23.2	54.4	48.1	18.6	2.4	7.6
Saline	52.8	47.6	94.7	2.1	14.7	6.0
Scott	(D)	7.6	6.2		4.0	
Searcy	3.8	9.1	8.2	19.1	2.1	8.0
Sebastian	154.7	254.6	490.9	10.5	14.0	12.2
Sevier	5.9	12.5	19.5	16.2	9.3	12.7
Sharp	(Z)	0.6	9.8		74.8	
Stone	0.1	(D)	1.8			33.5
Union	86.1	86.8	176.3	0.2	15.2	7.4
Van Buren	(D)	(D)	(D)			
Washington	68.5	122.5	199.9	12.3	10.3	11.3
White	24.3	56.4	83.5	18.3	8.2	13.1
Woodruff	6.4	8.3	19.3	5.3	18.4	11.7
Yell	(D)	(D)	(D)			

(D) – Disclosure

N.A. – Not available

(Z) – Less than $50 thousand (or under 50 employees)

Sources: U.S. Department of Commerce, Bureau of the Census, *1972 Census of Manufactures, Area Statistics, Alabama-Montana*, Vol. III, Part 1, and *1977 Census of Manufactures, Geographic Area Series, Arkansas*, MC 77-A-4 (Washington: Government Printing Office).

MARKET VALUE OF ALL AGRICULTURAL PRODUCTS SOLD
1969, 1974 AND 1978

Area	Total Sales					Average Sales Per Farm		
				Average Annual Growth				
	1969[1]	1974	1978	1969-1974	1974-1978	1969[1]	1974	1978
		(thousands)		(percent)			(dollars)	
Arkansas	$966,569	$1,880,719	$2,515,136	14.2	7.5	$21,316	$ 36,907	$ 42,799
Arkansas	35,153	85,593	78,072	19.5	-2.3	40,923	116,295	104,374
Ashley	8,696	21,921	24,942	20.3	3.3	26,512	61,749	66,335
Baxter	2,066	3,725	8,493	12.5	22.9	6,112	9,063	16,918
Benton	53,774	84,800	130,506	9.5	11.4	27,186	38,406	56,766
Boone	5,742	7,690	14,090	6.0	16.3	6,615	6,891	12,614
Bradley	3,348	9,458	7,937	23.1	-4.3	11,197	24,314	19,599
Calhoun	1,498	1,549	1,469	0.7	-1.3	12,588	7,519	8,589
Carroll	15,373	24,816	43,048	10.1	14.8	16,783	24,966	42,371
Chicot	15,826	39,294	38,167	19.9	-0.7	31,401	82,899	81,554
Clark	3,433	6,669	9,000	14.2	7.8	8,561	13,419	18,219
Clay	16,094	34,157	41,724	16.2	5.1	12,804	32,717	46,775
Cleburne	9,983	17,243	26,203	11.6	10.0	21,423	24,015	35,598
Cleveland	3,108	5,383	12,655	11.6	23.8	13,937	17,421	43,045
Columbia	5,461	9,454	14,052	11.6	10.4	13,551	17,606	28,854
Conway	9,575	17,774	29,003	13.2	13.0	16,652	23,573	39,949
Craighead	23,832	49,233	63,056	15.6	6.4	15,506	38,284	52,988
Crawford	9,532	18,916	27,291	14.7	9.6	16,129	23,040	32,413
Crittenden	19,565	44,980	65,069	18.1	9.7	40,591	116,227	170,338
Cross	21,359	51,919	53,310	19.4	0.7	32,659	84,559	93,362
Dallas	1,577	1,686	1,985	1.3	4.2	13,479	9,802	11,958
Desha	18,324	37,844	43,423	15.6	3.5	28,453	69,694	85,647
Drew	5,554	12,169	15,008	17.0	5.4	13,714	24,936	31,072
Faulkner	6,016	11,679	17,497	14.2	10.6	8,770	10,804	15,430
Franklin	8,048	17,620	29,844	17.0	14.1	14,449	24,852	41,392
Fulton	3,131	4,682	8,732	8.4	16.9	5,503	6,344	10,520
Garland	1,916	7,616	13,127	31.8	14.6	8,084	21,948	34,911
Grant	2,745	2,526	2,318	1.6	-2.1	18,547	8,710	9,091
Greene	12,035	23,724	31,829	14.5	7.6	10,130	21,906	32,215
Hempstead	26,877	49,112	69,987	12.8	9.3	40,477	59,242	83,816
Hot Spring	2,576	7,301	6,271	23.2	-3.7	8,913	16,518	12,877
Howard	16,547	27,926	54,637	11.0	18.3	31,578	48,567	84,316
Independence	13,169	29,792	41,791	17.7	8.8	16,198	29,410	40,107
Izard	3,228	6,617	13,836	15.4	20.3	7,126	9,731	18,953
Jackson	18,976	44,566	47,319	18.6	1.5	23,427	65,635	86,035
Jefferson	19,737	42,097	45,260	16.4	1.8	33,227	75,443	80,535
Johnson	6,708	11,225	16,665	10.8	10.4	15,176	18,523	25,599
Lafayette	5,956	10,817	21,623	12.7	18.9	20,677	32,680	72,078
Lawrence	11,435	23,384	32,369	15.4	8.5	12,791	27,350	39,378
Lee	15,644	35,047	46,807	17.5	7.5	20,317	57,266	73,712
Lincoln	13,727	27,411	31,452	14.8	3.5	27,290	55,488	71,481
Little River	4,439	7,459	10,438	10.9	8.8	13,452	17,266	24,618
Logan	10,946	19,532	23,970	12.3	5.3	14,179	19,130	23,004
Lonoke	30,430	72,026	75,599	18.8	1.2	29,980	70,822	74,482
Madison	20,294	31,795	45,517	9.4	9.4	24,304	30,690	40,245
Marion	2,573	2,891	9,187	2.4	33.5	6,112	5,817	16,764
Miller	7,506	13,979	23,714	13.2	14.1	18,625	29,492	44,325
Mississippi	37,361	62,825	102,579	11.0	13.1	32,946	69,420	119,835
Monroe	12,348	27,787	29,994	17.6	1.9	21,972	58,746	69,753
Montgomery	4,464	8,795	15,939	14.5	16.0	16,292	20,646	35,899
Nevada	10,709	13,133	18,919	4.2	9.6	27,888	24,968	37,389
Newton	1,420	2,187	4,100	9.0	17.0	4,116	4,693	7,374
Ouachita	3,755	9,001	8,665	19.1	0.9	20,978	34,753	33,714
Perry	2,986	7,005	9,567	18.6	8.1	12,188	18,780	25,648
Phillips	20,214	42,483	49,295	16.0	3.8	24,532	65,560	76,903
Pike	10,579	17,045	25,209	10.0	10.3	32,058	40,778	56,649
Poinsett	28,479	63,398	76,538	17.4	4.8	29,209	83,418	106,599
Polk	12,426	31,621	38,971	20.5	5.4	23,759	41,066	45,421
Pope	18,779	35,460	48,506	13.6	8.1	27,780	42,930	57,336
Prairie	22,745	54,232	51,129	19.0	-1.5	35,100	88,470	89,386
Pulaski	8,047	13,804	16,914	11.4	5.2	20,219	26,752	34,033
Randolph	6,655	13,468	21,930	15.1	13.0	9,830	18,274	26,486
St. Francis	17,580	37,549	47,753	16.4	6.2	28,447	67,413	84,519
Saline	1,384	1,876	2,449	6.3	6.9	6,559	6,233	7,058
Scott	5,101	9,645	20,351	13.6	20.5	10,830	16,403	30,882
Searcy	2,590	3,164	6,682	4.1	20.6	5,594	5,327	9,973
Sebastian	6,078	9,118	14,416	8.4	12.1	12,036	12,989	19,857
Sevier	7,685	17,300	32,858	17.6	17.4	18,744	30,619	57,747
Sharp	2,112	2,578	6,917	4.1	28.0	4,725	4,801	11,844
Stone	5,986	12,680	18,633	16.2	10.1	13,512	21,862	30,546
Union	3,137	8,273	13,978	21.4	14.0	16,957	26,601	40,053
Van Buren	5,716	8,309	14,307	7.8	14.6	14,149	15,107	25,639
Washington	96,294	128,192	185,092	5.9	9.6	45,166	54,900	69,688
White	21,082	41,920	55,810	14.7	7.4	14,630	23,577	32,448
Woodruff	15,642	40,240	36,823	20.8	2.2	31,988	97,433	94,905
Yell	21,688	40,533	44,909	13.3	2.6	27,699	41,615	45,919

[1] 1969 data have been revised to be comparable with 1974 and 1978 data.

Sources: U.S. Department of Commerce, Bureau of the Census, *1974 Census of Agriculture, Arkansas*, Vol. 1, Part 4 and *1978 Census of Agriculture, Arkansas*, Vol. 1, Part 4 (Washington: Government Printing Office).

TOTAL MOTOR VEHICLE REGISTRATIONS, 1960, 1970, 1980 AND 1982

Area	Total Motor Vehicles							Registration by Type of Vehicle, 1982		
	Number				Average Annual Growth					
	1960	1970	1980	1982	1960-70	1970-80	1980-82	Passenger Vehicles[1]	Trucks	Motorcycles
					(percent)					
Arkansas	696,088	1,059,183	1,595,251	1,487,021	4.3	4.2	-3.5	970,882	490,201	25,938
Arkansas	11,083	15,433	19,550	18,021	3.4	2.4	-4.0	10,138	7,529	354
Ashley	8,301	12,643	17,896	16,258	4.3	3.5	-4.7	9,699	6,262	297
Baxter	4,735	10,096	21,175	20,719	7.9	7.7	-1.1	14,390	5,899	430
Benton	18,609	31,735	59,257	58,504	5.5	6.4	-0.6	38,745	18,288	1,471
Boone	8,721	12,461	21,128	20,004	3.6	5.4	-2.7	12,256	7,378	370
Bradley	5,395	6,957	8,918	8,513	2.6	2.5	-2.3	4,878	3,484	151
Calhoun	1,871	2,549	3,871	3,976	3.1	4.3	1.3	2,270	1,654	52
Carroll	5,663	8,429	12,779	13,042	4.1	4.2	1.0	7,746	4,956	340
Chicot	5,297	7,242	9,969	8,863	3.2	3.2	-5.7	5,402	3,396	65
Clark	7,459	11,065	15,265	13,657	4.0	3.3	-5.4	8,788	4,613	256
Clay	9,875	11,570	14,284	13,281	1.6	2.1	-3.6	7,894	5,205	182
Cleburne	3,979	6,478	12,059	12,583	5.0	6.4	2.1	7,570	4,767	246
Cleveland	2,343	3,417	5,391	4,779	3.8	4.7	-5.8	2,754	1,976	49
Columbia	9,897	13,097	17,564	16,354	2.8	3.0	-3.5	10,697	5,402	255
Conway	5,600	8,883	12,812	12,634	4.7	3.7	-0.7	7,496	4,915	223
Craighead	19,554	29,191	42,957	40,050	4.1	3.9	-3.4	26,871	12,597	582
Crawford	8,939	14,421	25,763	24,144	4.9	6.0	-4.6	14,761	7,098	539
Crittenden	12,775	20,410	28,245	25,702	4.8	3.3	-4.6	18,209	7,098	395
Cross	6,113	9,755	13,236	11,885	4.8	3.1	-5.2	7,200	4,576	109
Dallas	3,815	5,095	7,212	6,526	2.9	3.5	-4.9	4,018	2,440	68
Desha	6,387	8,761	11,336	10,302	3.2	2.6	-4.7	6,390	3,788	124
Drew	4,970	7,657	11,259	10,261	4.4	3.9	-4.5	6,315	3,830	116
Faulkner	9,439	16,231	29,224	28,691	5.6	6.1	-0.9	18,472	9,725	494
Franklin	4,714	7,001	10,785	10,023	4.0	4.4	-3.6	5,770	4,033	220
Fulton	3,150	4,390	6,698	6,523	3.4	4.3	-1.3	3,620	2,814	89
Garland	20,395	31,590	52,337	49,860	4.5	5.2	-2.4	35,453	13,403	1,004
Grant	3,521	5,693	9,833	9,191	4.9	5.6	-3.3	5,371	3,675	145
Greene	9,693	13,342	20,630	19,773	3.2	4.5	-2.1	12,475	6,912	386
Hempstead	7,364	10,797	14,750	13,903	3.9	3.2	-2.9	8,751	4,892	260
Hot Spring	8,732	13,046	19,011	17,938	4.1	3.8	-2.9	10,654	6,951	333
Howard	4,451	6,621	10,162	9,381	4.1	4.4	-3.9	5,477	3,819	85
Independence	8,240	13,670	21,141	20,481	5.2	4.5	-1.6	12,579	7,646	256
Izard	2,654	3,945	7,811	7,645	4.0	7.1	-1.1	4,336	3,208	101
Jackson	9,466	11,305	14,210	13,371	1.8	2.3	-3.0	8,216	5,002	153
Jefferson	25,985	41,223	58,811	52,897	4.7	3.6	-5.2	37,108	14,493	1,296
Johnson	5,214	7,752	12,011	11,329	4.0	4.5	-2.9	6,798	4,346	185
Lafayette	3,742	5,161	6,199	5,833	3.3	1.8	-3.0	3,564	2,192	77
Lawrence	6,461	9,544	13,876	12,554	4.0	3.8	-4.9	7,461	4,913	180
Lee	5,052	6,590	8,097	7,495	2.7	2.1	-3.8	4,549	2,900	46
Lincoln	3,749	5,329	7,044	6,493	3.6	2.8	-4.0	3,757	2,655	81
Little River	3,338	6,298	9,954	9,111	6.6	4.7	-4.3	5,424	3,568	119
Logan	6,777	10,080	14,590	13,718	4.1	3.8	-3.0	7,943	5,521	254
Lonoke	9,073	14,000	24,911	23,305	4.4	5.9	-3.3	14,509	8,495	301
Madison	3,809	5,236	8,494	8,103	3.2	5.0	-2.3	4,035	3,973	95
Marion	2,668	4,239	7,997	8,018	4.7	6.6	0.1	4,787	3,059	172
Miller	14,051	17,978	25,212	24,115	2.5	3.4	-2.2	16,358	7,404	353
Mississippi	22,947	27,966	35,747	32,584	2.0	2.5	-4.5	22,684	9,198	702
Monroe	4,823	7,005	8,527	7,777	3.8	2.0	-4.5	4,545	3,165	67
Montgomery	2,273	3,618	5,194	5,408	4.8	3.7	2.0	2,830	2,471	107
Nevada	3,789	5,432	7,237	6,720	3.7	2.9	-3.6	4,027	2,587	106
Newton	1,532	3,031	4,752	4,758	7.1	4.6	0.1	2,414	2,234	110
Ouachita	11,854	16,796	22,437	20,925	3.5	2.9	-3.4	13,655	6,864	406
Perry	1,784	3,300	5,361	4,997	6.3	5.0	-3.5	2,757	2,177	63
Phillips	11,327	14,884	19,572	17,309	2.8	2.8	-6.0	11,103	5,934	272
Pike	4,011	5,230	8,374	7,379	2.7	4.8	-6.1	3,930	3,328	121
Poinsett	11,261	14,146	17,561	15,800	2.3	2.2	-5.1	9,681	5,996	123
Polk	5,461	8,626	12,847	11,893	4.7	4.1	-3.8	6,636	5,044	213
Pope	8,864	16,049	27,345	26,091	6.1	5.5	-2.3	16,457	9,015	619
Prairie	3,944	5,990	7,600	7,442	4.3	2.4	-1.0	3,823	3,544	75
Pulaski	103,656	171,786	261,072	230,341	5.2	4.3	-6.1	175,173	51,434	3,734
Randolph	5,383	7,003	10,996	10,541	2.7	4.6	-2.1	6,132	4,233	176
St. Francis	9,459	13,687	18,234	16,347	3.8	2.9	-5.3	10,656	5,488	203
Saline	11,185	19,257	34,513	35,726	5.6	6.0	1.7	23,214	11,653	859
Scott	3,012	4,977	6,769	6,311	5.2	3.1	-3.4	3,274	2,919	118
Searcy	2,657	4,127	6,122	5,613	4.5	4.0	-4.2	2,776	2,785	52
Sebastian	30,942	48,303	71,901	67,077	4.6	4.1	-3.4	46,872	18,714	1,491
Sevier	4,236	6,630	10,569	9,412	4.6	4.8	-5.6	5,270	4,049	93
Sharp	2,894	5,082	10,348	9,600	5.8	7.4	-3.7	6,070	3,402	128
Stone	2,652	3,691	5,910	6,115	3.4	4.8	1.7	3,172	2,832	111
Union	21,197	26,524	34,984	33,129	2.3	2.8	-2.7	21,808	10,866	455
Van Buren	2,850	4,604	8,631	8,796	4.9	6.5	1.0	5,011	3,667	118
Washington	25,832	47,184	73,968	69,206	6.2	4.6	-3.3	44,839	23,041	1,326
White	13,802	22,104	33,856	32,207	4.8	4.4	-2.5	19,891	11,818	498
Woodruff	4,585	5,617	7,169	6,554	2.1	2.5	-4.4	3,799	2,708	47
Yell	4,757	8,128	11,941	11,154	5.5	3.9	-3.4	6,429	4,539	186

[1] Includes passenger cars, taxi cabs, commercial and other buses, and ambulances and hearses.

Sources: Arkansas State Highway Department, Division of Statistics and Analysis, Calendar Year *1960*, and Division of Planning and Research, Calendar Year *1970, 1980, 1981* and *1982, Motor Vehicle Registration by Counties* (Little Rock).

TOTAL REAL AND PERSONAL PROPERTY ASSESSMENTS
1960, 1970 AND 1982

Area	Total Assessments[1]				Average Annual Growth		
	1960	1970	1980	1982	1960-1970	1970-1980	1980-1982
	(thousands)				(percent)		
Arkansas	$1,369,401	$2,256,161	$4,971,046	$7,231,616	5.1	8.2	20.6
Arkansas	25,484	40,266	63,938	172,367	4.7	4.7	64.2
Ashley	28,897	42,200	66,286	133,233	3.9	4.6	41.8
Baxter	6,526	15,169	55,891	63,618	8.8	13.9	6.7
Benton	24,864	56,030	215,460	253,166	8.5	14.4	8.4
Boone	9,817	16,983	52,725	59,802	5.6	12.0	6.5
Bradley	10,324	12,282	24,243	25,439	1.8	7.0	2.4
Calhoun	5,116	9,878	17,636	45,706	6.8	6.0	61.0
Carroll	6,888	12,947	27,204	31,100	6.5	7.7	6.9
Chicot	16,974	27,450	36,805	41,703	4.9	3.0	6.4
Clark	18,545	27,937	44,225	47,803	4.2	4.7	4.0
Clay	14,331	19,217	35,656	91,554	3.0	6.4	60.2
Cleburne	4,484	8,221	29,636	96,988	6.2	13.7	80.9
Cleveland	4,603	6,539	10,970	31,624	3.6	5.3	69.8
Columbia	29,077	32,225	58,879	62,214	1.0	6.2	2.8
Conway	8,114	14,670	32,864	33,845	6.1	8.4	1.5
Craighead	36,240	58,443	123,456	131,023	4.9	7.8	3.0
Crawford	11,478	18,977	52,250	116,690	5.2	10.7	49.4
Crittenden	27,580	49,224	79,538	189,908	6.0	4.9	54.5
Cross	15,969	23,682	41,110	104,567	4.0	5.7	59.5
Dallas	7,130	11,615	21,893	22,537	5.0	6.5	1.5
Desha	15,055	26,296	52,802	56,098	5.7	7.2	3.1
Drew	10,415	16,073	34,413	37,588	4.4	7.9	4.5
Faulkner	14,363	25,510	66,202	76,864	5.9	10.0	7.8
Franklin	6,395	12,830	24,059	33,829	7.2	6.5	18.6
Fulton	3,921	6,584	17,480	18,014	5.3	10.3	1.5
Garland	36,276	58,036	150,729	328,359	4.8	10.0	47.6
Grant	7,576	11,333	22,250	23,241	4.1	7.0	2.2
Greene	15,202	25,261	44,128	117,184	5.2	5.7	63.0
Hempstead	13,443	19,006	44,381	46,566	3.5	8.9	2.4
Hot Spring	26,923	40,488	64,362	110,885	4.2	4.7	31.3
Howard	7,609	13,698	25,324	59,987	6.1	6.3	53.9
Independence	11,519	19,516	63,223	147,165	5.4	12.5	52.6
Izard	3,462	5,910	17,823	19,537	5.5	11.7	4.7
Jackson	19,607	30,915	44,957	46,453	4.7	3.8	1.7
Jefferson	60,734	105,786	263,631	310,673	5.7	9.6	8.6
Johnson	5,999	8,892	23,225	27,266	4.0	10.1	8.4
Lafayette	14,163	18,346	23,187	63,658	2.6	2.4	65.7
Lawrence	12,484	20,216	31,907	73,349	4.9	4.7	51.6
Lee	10,817	17,516	28,416	61,336	4.9	5.0	46.9
Lincoln	7,547	12,807	20,599	22,849	5.4	4.9	5.3
Little River	7,976	12,254	39,229	70,126	4.4	12.3	33.7
Logan	9,194	15,273	33,332	31,898	5.2	8.1	-2.2
Lonoke	18,270	31,299	62,252	158,724	5.5	7.1	59.7
Madison	2,825	7,116	14,091	39,419	9.7	7.1	67.3
Marion	3,905	6,564	20,092	20,767	5.3	11.8	1.7
Miller	25,081	39,935	73,673	80,097	4.8	6.3	4.3
Mississippi	47,651	69,116	110,419	217,617	3.8	4.8	40.4
Monroe	10,363	14,837	25,994	28,275	3.7	5.8	4.3
Montgomery	2,924	4,170	10,536	12,391	3.6	9.7	8.4
Nevada	8,648	12,526	19,897	51,621	3.8	4.7	61.1
Newton	1,753	3,008	7,951	7,720	5.5	10.2	-1.5
Ouachita	26,669	35,523	68,035	131,585	2.9	6.7	39.1
Perry	2,830	5,897	12,015	12,746	7.6	7.4	3.0
Phillips	27,170	55,956	76,463	75,270	7.5	3.2	-0.8
Pike	5,525	7,969	17,869	44,983	3.7	8.4	58.7
Poinsett	21,914	29,341	47,900	126,237	3.0	5.0	62.3
Polk	7,594	12,214	26,078	32,539	4.9	7.9	11.7
Pope	11,667	27,515	193,846	289,727	9.0	21.6	22.3
Prairie	9,719	17,557	25,863	70,493	6.1	3.9	65.1
Pulaski	220,046	384,418	990,167	1,105,678	5.7	9.9	5.7
Randolph	10,543	14,834	26,416	27,281	3.5	5.9	1.6
St. Francis	21,220	35,243	53,543	124,676	5.2	4.3	52.6
Saline	25,640	42,837	94,362	117,294	5.3	8.2	11.5
Scott	3,216	5,655	9,940	30,048	5.8	5.8	73.9
Searcy	2,744	4,588	11,609	11,947	5.3	9.7	1.4
Sebastian	62,473	100,048	223,990	217,820	4.8	8.4	-1.4
Sevier	7,666	13,264	24,210	54,084	5.6	6.2	49.5
Sharp	3,029	8,391	22,960	24,291	10.7	10.6	2.9
Stone	2,718	4,056	11,375	12,415	4.1	10.9	4.5
Union	56,348	66,858	98,702	109,111	1.7	4.0	5.1
Van Buren	2,696	4,939	20,218	22,506	6.2	15.1	5.5
Washington	43,032	94,450	196,488	215,079	8.2	7.6	4.6
White	22,631	35,898	84,287	88,985	4.7	8.9	2.7
Woodruff	9,386	20,158	26,893	57,432	7.9	2.9	46.1
Yell	8,383	13,476	26,600	29,269	4.9	7.0	4.9

[1] The legal ratio of assessment is 20 percent applied to the true market value of real property and to the estimated value of personal property.

Sources: *Fourth, Tenth, Twelfth and Thirteenth Biennial Report of the Assessment Coordination Division of the Arkansas Public Service Commission of the Department of Commerce*, December 31, 1964, December 1, 1976, January 5, 1981, and January 31, 1983.

PUBLIC SCHOOL ENROLLMENT, GRADES 1 – 12, 1960, 1970, 1980 AND 1982

Area	Number				Change					
					1960-1970		1970-1980		1980-1982	
	1960	1970	1980	1982	Number	Average Annual Growth (percent)	Number	Average Annual Growth (percent)	Number	Average Annual Growth (percent)
Arkansas	429,045	461,512	436,502	420,262	32,467	0.7	-25,010	-0.6	-16,240	-1.9
Arkansas	5,637	5,422	4,302	4,239	-215	-0.7	-1,120	-2.3	-63	-0.7
Ashley	6,465	6,433	5,728	5,393	-32	(Z)	-705	-1.2	-335	-3.0
Baxter	2,503	2,942	4,[illegible]24	4,027	439	1.6	1,182	3.4	-97	-1.2
Benton	7,990	11,187	13,3[illegible]8	12,933	3,197	3.4	2,121	1.8	-375	-1.4
Boone	3,788	4,410	5,031	4,923	622	1.5	621	1.3	-108	-1.1
Bradley	3,457	3,072	2,533	2,380	-385	-1.2	-539	-1.9	-153	-3.1
Calhoun	1,579	1,434	1,148	1,093	-145	-1.0	-286	-2.2	-55	-2.4
Carroll	2,213	2,334	2,601	2,630	121	0.5	267	1.1	29	0.6
Chicot	5,073	5,163	4,106	3,983	90	0.2	-1,147	-2.5	-123	-1.5
Clark	4,568	4,240	3,694	3,524	-328	-0.7	-546	-1.4	-170	-2.3
Clay	5,378	4,292	3,788	3,486	-1,086	-2.2	-504	-1.2	-302	-4.1
Cleburne	2,259	2,350	2,964	2,894	91	0.4	614	2.3	-70	-1.2
Cleveland	1,652	1,565	1,553	1,477	-87	-0.5	-12	-0.1	-76	-2.5
Columbia	6,136	5,839	4,926	4,653	-297	-0.5	-913	-1.7	-273	-2.8
Conway	3,658	3,885	3,514	3,478	227	0.6	-371	-1.0	-36	-0.5
Craighead	11,723	11,871	11,366	10,765	148	0.1	-505	-0.4	-601	-2.7
Crawford	5,227	6,503	7,564	7,445	1,276	2.2	1,061	1.5	-119	-0.8
Crittenden	12,490	13,601	11,114	10,916	1,111	0.9	-2,487	-2.0	-198	-0.9
Cross	5,493	5,444	4,741	4,522	-49	-0.1	-703	-1.4	-219	-2.3
Dallas	2,645	2,296	2,047	1,976	-349	-1.4	-249	-1.1	-71	-1.7
Desha	6,118	5,942	4,519	4,420	-176	-0.3	-1,423	-2.7	-99	-1.1
Drew	3,296	3,196	3,191	3,066	-100	-0.3	-5	(Z)	-125	-2.0
Faulkner	4,881	6,112	7,945	7,907	1,231	2.3	1,833	2.7	-38	-0.2
Franklin	2,757	3,118	3,182	3,088	361	1.2	64	0.2	-94	-1.5
Fulton	1,547	1,640	1,661	1,613	93	0.6	21	0.1	-48	-1.5
Garland	9,606	11,716	11,606	11,092	2,110	2.0	-110	-0.1	-514	-2.2
Grant	2,173	3,029	3,546	3,389	856	3.4	517	1.6	-157	-2.2
Greene	6,215	5,740	5,916	5,699	-475	-0.8	176	0.3	-217	-1.9
Hempstead	4,570	4,514	4,246	4,141	-56	-0.1	-268	-0.6	-105	-1.2
Hot Spring	5,754	5,471	5,308	5,155	-283	-0.5	-163	-0.3	-153	-1.5
Howard	2,951	2,755	2,879	2,843	-196	-0.7	124	0.6	-36	-0.6
Independence	4,702	5,054	5,435	5,415	352	0.7	381	0.7	-20	-0.2
Izard	1,664	1,594	1,756	1,713	-70	-0.4	162	1.0	-43	-1.2
Jackson	5,867	4,747	3,929	3,694	-1,120	-2.1	-818	-1.9	-235	-3.0
Jefferson	20,032	21,794	18,026	17,264	1,762	0.8	-3,768	-1.9	-762	-2.1
Johnson	2,883	2,891	3,189	3,078	8	(Z)	798	1.0	-111	-1.8
Lafayette	2,783	2,606	2,028	1,946	-177	-0.7	-578	-2.5	-82	-2.0
Lawrence	4,478	3,753	3,677	3,325	-725	-1.8	-76	-0.2	-352	-4.9
Lee	6,015	5,555	3,702	3,438	-460	-0.8	-1,853	-4.0	-264	-3.6
Lincoln	3,590	3,101	2,397	2,245	-489	-1.5	-704	-2.5	-152	-3.2
Little River	2,453	2,964	3,075	2,991	511	1.9	111	0.4	-84	-1.4
Logan	2,967	3,466	3,558	3,437	499	1.6	92	0.3	-121	-1.7
Lonoke	6,018	6,535	7,399	7,119	517	0.8	864	1.2	-280	-1.9
Madison	2,337	2,291	2,285	2,220	-46	-0.2	-6	(Z)	-65	-1.4
Marion	1,279	1,341	2,063	2,009	62	0.5	722	4.4	-54	-1.3
Miller	7,807	8,312	7,932	7,745	505	0.6	-380	-0.5	-187	-1.2
Mississippi	18,679	17,506	12,913	12,552	-1,173	-0.6	-4,593	-3.0	-361	-1.4
Monroe	4,815	4,146	2,989	2,698	-669	-1.5	-1,157	-3.2	-291	-5.0
Montgomery	1,293	1,309	1,427	1,350	16	0.1	118	0.4	-77	-2.7
Nevada	2,739	2,289	2,200	2,144	-450	-1.8	-89	-0.4	-56	-1.3
Newton	1,554	1,367	1,505	1,478	-187	-1.3	138	1.0	-27	-0.9
Ouachita	8,105	7,399	5,643	5,626	-706	-0.9	-1,756	-2.7	-17	-0.2
Perry	1,323	1,368	1,577	1,511	45	0.3	209	1.4	-66	-2.1
Phillips	11,979	11,065	8,016	7,714	-914	-0.8	-3,049	-3.2	-302	-1.9
Pike	1,842	1,944	1,938	1,893	102	0.5	-6	(Z)	-45	-1.2
Poinsett	8,232	6,896	5,622	5,255	-1,336	-1.8	-1,274	-2.0	-367	-3.3
Polk	2,623	3,026	3,200	3,180	403	1.4	174	0.6	-20	-0.3
Pope	4,467	6,432	7,506	7,334	1,965	3.7	1,074	1.6	-172	-1.2
Prairie	2,485	2,410	1,984	1,901	-75	-0.3	-426	-1.9	-83	-2.1
Pulaski	51,220	67,844	62,794	59,458	16,624	2.9	-5,050	-0.8	-3,336	-2.7
Randolph	2,617	2,657	2,957	2,716	40	0.2	300	1.1	-241	-4.2
St. Francis	10,017	9,197	7,444	7,315	-820	-0.9	-1,753	-2.1	-129	-0.9
Saline	6,044	8,074	9,438	9,171	2,030	2.9	1,364	1.6	-267	-1.4
Scott	1,375	1,601	1,608	1,512	226	1.5	7	(Z)	-96	-3.0
Searcy	2,069	1,838	1,527	1,496	-231	-1.2	-311	-1.8	-31	-1.0
Sebastian	14,644	17,519	16,647	16,331	2,875	1.8	-872	-0.5	-316	-1.0
Sevier	2,296	2,773	2,691	2,411	477	1.9	-82	-0.3	-280	-5.3
Sharp	1,903	2,365	2,999	2,881	462	2.2	634	2.4	-118	-2.0
Stone	1,496	1,520	1,721	1,656	24	0.2	201	1.2	-65	-1.9
Union	12,428	11,397	9,534	9,366	-1,031	-0.9	-1,863	-1.8	-168	-0.9
Van Buren	1,620	1,859	2,346	2,251	239	1.4	487	2.4	-95	-2.0
Washington	11,155	16,851	17,725	17,083	5,696	4.2	874	0.5	-642	-1.8
White	8,337	9,175	10,067	9,600	838	1.0	892	0.9	-467	-2.3
Woodruff	4,096	2,803	2,368	2,195	-1,293	-3.7	-435	-1.7	-173	-3.7
Yell	2,915	3,362	3,604	3,395	447	1.4	242	0.7	-209	-2.9

(Z) – Annual rate of change not shown where less than 0.05 percent.

Source: Arkansas State Department of Education.